Sec. 704. The Secretary of the Treasury is authorized and directed, beginning with the fiscal year ending June 30, 1950, to deposit for each year in a special fund in the Treasury of the United States proceeds of taxes, duties, imposts, or excises in an amount equal to the aggregate of the amounts authorized to be appropriated for such year under this Act. Amounts deposited in such fund shall be available for expenditure only pursuant to appropriations made under authority of this Act, and no money shall be payable on any of said appropriations except from said fund. Any amounts remaining in the fund after the expiration of the period for which such amounts are available for expenditure shall be covered into the general fund of the Treasury.

Sec. 705. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be effected thereby.

[S. 1679, 81st Cong., 1st sess.]

A BILL To provide a program of national health insurance and public health and to assist in increasing the number of adequately trained professional and other health personnel, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "National Health Insurance and Public Health Act."

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SEC. 2. Because the health of its people is the foundation of our Nation's strength, productivity, and wealth; because the assurance of adequate medical care to all of our people is essential to the general welfare and to the Nation's security; because the tremendous advances in medical science in recent years have necessarily meant great increases in the cost of health services, our archaic system of paying for medical care—based on public and private charity for the poor, on unpredictable and often unbearable costs to the otherwise self-supporting, and on disproportionate charges for the well-to-do—has resulted in the following conditions:

1. The inability of the vast majority of our people to meet the shattering cost of serious or chronic illness;
2. The inability of most of our people to benefit from modern preventative medicine;
3. A critical shortage of physicians, dentists, hospital administrators, dental hygienists, nurses, sanitary engineers, and other health personnel;
4. A critical shortage of hospitals, diagnostic and other clinics, rapid-treatment centers, group-practice facilities, and other categories of medical facilities;
5. Wholly inadequate provision for the health needs of our farm families and agricultural workers;
6. The development of research on a scale appallingly inadequate in relation to the dreadful cost of disease, on the one hand, and the great promise of modern scientific knowledge and techniques, on the other; and
7. A serious maldistribution of both personnel and facilities, so that some areas are disproportionately supplied in relation to others which suffer from an almost total lack of decent medical care;

Because prolonged failure effectively to relieve these shortages and to correct this maldistribution will result, inevitably, in the further extension of medical care directly by government agencies;

Because these conditions cannot effectively be remedied under the present system of payment for medical care, or under any voluntary insurance system;

Because a medical dole as an answer to this problem is repugnant to the American people and would certainly result in a system of state medicine, paid for from tax funds and rendered by regimented doctors,

The Congress declares the purpose of this Act to be:

(A) To relieve the shortage of qualified professional men and women by providing financial assistance to qualified educational institutions and by furnishing aid to the States to assist qualified students, through scholarships awarded
without regard to race, color, or creed, to obtain education and training for these professions;

(B) To expand our knowledge concerning the causes, cure, and prevention of those diseases which take heavy toll of life and productivity, by furnishing financial aid to scientific research in these fields;

(C) To relieve the shortage of health facilities by extending existing legislation aiding the construction of such facilities and by adapting the provisions of that legislation so that localities in greatest need of such facilities shall receive more adequate assistance;

(D) To recognize the especially acute shortage of health facilities and personnel in rural areas and the desire of many rural people and their organizations to assume responsibility for obtaining such personnel and facilities by extending additional aid to such areas and by assisting rural health cooperatives on an experimental basis;

(E) To make the benefits of preventive medicine and of sanitation accessible to all our people by extending the well-established policy of grants-in-aid to the States for public health services so as to make modern health departments and preventive services available in every part of the country as promptly as possible;

(F) To encourage research into matters pertaining to the health and welfare of children and to further protect maternity and promote the health of our children by enabling the Children's Bureau to conduct and promote such research and by extending aid to the States for the expansion and improvement of maternal care and of services for the health of infants and children;

(G) To provide a sound economic foundation for our free system of medicine and to correct the maldistribution of health personnel and facilities by establishing a system of Prepaid Personal Health Insurance on the principle of Social Insurance.
this shortage is likely to increase unless present facilities and opportunities for training such personnel are strengthened and expanded;

"(b) the cost of providing adequate professional training, and facilities therefor, is so high and the sources of income for schools affording such training are so limited as to render it impossible for such schools to operate at present capacity on a financially sound basis, and as to discourage the construction and equipment of new schools and the expansion of existing schools necessary to relieve the shortage of professionally trained personnel; and

"(c) many qualified individuals, particularly members of minority population groups, are unable to obtain adequate professional training under present conditions; and

"(d) It is, therefore, the policy of the United States to take such steps and to utilize such of its resources as are necessary to provide adequate numbers of persons trained in the medical, nursing, dental, dental hygiene, sanitary engineering, hospital administration, and public-health professions (1) by assisting schools which provide such training in meeting their costs of instruction and by giving financial assistance for the construction and equipment of new schools and the expansion of existing schools, with a view to providing opportunities for more qualified individuals to obtain such training regardless of their race, creed, color, or national origin, and (2) by providing scholarships to induce greater numbers of qualified students to train for such professions and to equalize the opportunities for obtaining such training.

"PAYMENTS TO SCHOOLS FOR COSTS OF INSTRUCTION

"Sec. 372. (a) In order to assist schools of medicine, dentistry, dental hygiene, nursing, public health, and sanitary engineering to maintain and increase their enrollments of students, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each fiscal year thereafter such sums as may be necessary to make the payments provided in this section. Payments to schools from appropriations under this section may be used to meet the costs (herein referred to as 'costs of instruction') of establishing, maintaining, and enlarging their staffs and of maintaining and operating their facilities (including the acquisition of equipment).

"(b) Payments to schools for the fiscal year ending June 30, 1950, and for each of the two succeeding fiscal years shall be based on the number of students enrolled therein for such fiscal year as follows:

"(1) to each school of medicine which provides training leading to a degree of doctor of medicine, $300 for each student enrolled for such training up to its average past enrollment, and $1,700 for each student so enrolled in excess of its average past enrollment;

"(2) (A) to each school of dentistry which provides training leading to a degree of doctor of dental surgery or an equivalent degree, $250 for each student enrolled for such training up to its average past enrollment, and $1,300 for each student so enrolled in excess of its average past enrollment, and (B) to each school of dental hygiene which provides training leading to a diploma or degree as dental hygienist, $150 for each student enrolled for such training up to its average past enrollment, and $800 for each student so enrolled in excess of its average past enrollment; and

"(3) to each school of nursing (A) which provides basic or advanced training leading to a degree in nursing, $200 for each student enrolled for such training up to its average past enrollment, and $1,200 for each student so enrolled in excess of its average past enrollment; or (B) which provides basic training leading to a diploma as a professional nurse, and which provides tuition, books, and other facilities and services needed in such training and board and lodging during such training to all students without charge therefor, $200 for each student enrolled in the first year of training, $150 for each student enrolled in the second year of training, and $50 for each student enrolled in the third year of training;

"(4) to each school of public health which provides training leading to a graduate degree in fields relating to public health (including hospital administration), $350 for each student enrolled for such training up to its average past enrollment, and $2,400 for each student so enrolled in excess of its average past enrollment; and
"(5) to each school of engineering which provides training leading to a
degree in sanitary engineering or an equivalent degree, $200 for each student
enrolled for such training up to its average past enrollment, and $1,200 for
each student so enrolled in excess of its average past enrollment.

Payments under this section for the fiscal year ending June 30, 1953, and for each
fiscal year thereafter shall be in such amounts as may be determined by the Congress in consideration of the findings and recommendations made on the basis of
the surveys and studies authorized pursuant to subsection (f) of this section.
The total payment to any school, other than a school of nursing which provides
basic training leading to a diploma as a professional nurse, pursuant to this
section for any fiscal year shall not exceed 50 per centum of the amount deter-
dined by the Surgeon General to be costs of instruction in such school for such
year (excluding from such costs the cost of operation of any hospital and the
cost of research projects).

"(c) The average past enrollment of any school shall be the average of its
enrollments for the period consisting of the three fiscal years ending June 30,
1947, June 30, 1948, and June 30, 1949. If the number of years of training offered
by a school during one or more of the fiscal years in such period is less than the
number of years of training offered by the school during the fiscal year for
which payment is to be made, the enrollment for such one or more of such
preceding fiscal years shall be excluded in determining the school's average past
enrollment, and if all such preceding fiscal years are thereby excluded, the
school shall be paid for each student enrolled therein, in lieu of the sums
specified in subsection (b), an amount equal to one-half of the sum therein
specified as payable with respect to students in excess of the school's average
past enrollment.

"(d) For purposes of this section, the number of students enrolled for training
in a school for a fiscal year (and a school's enrollment for a fiscal year) means
the number enrolled full time in such school for such training, as determined
by the Surgeon General in accordance with regulations, for the first semester
which commences after the beginning of such fiscal year, except that in the case
of schools of dental hygiene only students enrolled full time in the first two
years of training offered by such schools shall be counted.

"(e) A medical, dental, dental hygiene, nursing, public health, or engineering
school shall be eligible for payments under this part if it is a public or nonprofit
institution within the continental United States exempt from Federal income
taxation, and if it has been approved or accredited by a body or bodies approved
for such purpose by the Surgeon General after consultation with the National
Council on Education for Health Professions (hereafter in this part called the
'Council').

"(f) The Surgeon General shall conduct or arrange for such surveys and
studies as he deems appropriate to provide all necessary information relating to
methods for carrying out the purposes of this part, including studies of the
financial condition of schools providing education in the health professions, and
the relationship of their financial condition to their capacity to maintain and
expand student enrollment, and studies of the educational costs of such schools
and of feasible means of calculating such costs on a uniform or comparable basis.
By not later than January 1, 1952, the Surgeon General, through the Adminis-
brator, shall report to the Congress his findings based on such surveys and studies,
together with appropriate legislative recommendations for the amendment of
this part, including recommendations as to needed adjustments in the amounts
specified in this section.

"APPROPRIATIONS FOR GRANTS FOR CONSTRUCTION AND EQUIPMENT

"Sec. 373. (a) There are also authorized to be appropriated from time to time
such sums as may be necessary to enable the Surgeon General to make grants
for construction and equipment to assist in the establishment of new schools
and improvement and expansion of existing facilities (including teaching hos-
pitals and other related facilities and including equipment thereof) necessary
to carry out the purposes of section 371. The Surgeon General, after consulta-
tion with the Council, shall make such grants in the order of the estimated
importance or value of the construction and equipment in alleviating the shortage
of personnel adequately trained in the medical, nursing, dental, dental hygiene,
 sanitary engineering, and public-health fields. No such grant—
"(1) shall (except as provided in subsection (b)) be in excess of 50 per cent of the cost of the construction and equipment with respect to which it is made;

"(2) shall be made with respect to any construction and equipment for which application is not submitted, in accordance with the provisions of this part, prior to July 1, 1955.

"(b) If an application meeting the requirements of section 374 (b) is filed, no payments from appropriations under this section shall be made with respect thereto if it is in connection with the construction and equipment of any facility or part of a facility which constitutes a 'hospital' as defined in section 633 (e) of this Act unless an application is also made under section 625 of this Act for Federal assistance in the cost of such construction and equipment, and such application is approved under such section. The determination of the Surgeon General and the State agency (designated pursuant to section 623 (a)) whether to approve such application shall be made without regard to the project's priority or inclusion in a State construction program, and without regard to the availability of funds from the State's allotment under section 624. Federal payments with respect to the construction and equipment of such project—

"(1) shall be made from appropriations pursuant to this section and not from appropriations pursuant to title VI;

"(2) shall be made in amounts, in the manner, and subject to the same conditions as provided for payments under section 625;

"(3) shall not reduce the unobligated portion of the State's allotment under section 624; and

"(4) shall be subject to recapture as provided in section 625 (e).

"CONDITIONS FOR GRANTS

"SEC. 374. (a) No payments from appropriations pursuant to section 372 for any fiscal year may be made to any school unless such school has filed an application therefor for such year which contains adequate assurance, as determined by the Surgeon General, that—

"(1) such school does not and will not impose any unreasonable restrictions against the admission of out-of-State students; and

"(2) such school will submit from time to time such reports as the Surgeon General may find necessary to carry out the purposes of this part, and will comply with such other conditions as may, subject to the provisions of section 3, be prescribed in regulations.

"(b) Payments from appropriations under section 373 may not be made for the construction and equipment of any new school or of any addition to an existing school except upon the filing of an application therefor which the Surgeon General determines contains adequate assurances that the school will, upon completion of the construction and equipment and for a period of ten years thereafter, (1) be operated as a public or nonprofit institution exempt from Federal income taxation, (2) be approved or accredited by a body or bodies approved for the purpose by the Surgeon General after consultation with the Council, and (3) comply with the provisions of subparagraph (1) of subsection (a) of this section.

"(c) No payments shall be made to any school from appropriations under section 372 or 373, unless the Surgeon General finds that such school admits (or, in the case of a new school, will admit) students without discrimination on the basis of race, creed, color, or national origin, except that, in the case of schools located within a State in which separate facilities are required by law to be maintained for separate racial groups, such payments may be made to schools which admit members of the minority racial groups, and may be made to any school which does not or will not admit members of the minority racial groups if the Surgeon General finds that there are comparable opportunities for qualified members of such racial groups who reside in the State to obtain the type of professional training offered by such school. As used in this section, 'minority racial group' means any race or racial group whose members constitute a minority of the population of the continental United States.

"PAYMENTS AND WITHHOLDING OR RECAPTURE OF PAYMENTS

"SEC. 375. (a) The Surgeon General, in accordance with regulations, shall determine from time to time the amount to be paid to each school under this part and shall certify to the Secretary of the Treasury the amounts so determined. Upon receipt of any such certification, the Secretary of the Treasury shall, prior
to audit or settlement by the General Accounting Office, pay in accordance with such certification.

"(b) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to a school, finds with respect to payments from appropriations under section 372 or 373 that there is a failure to carry out any assurances given pursuant to section 374 or to comply with regulations under this part, the Surgeon General shall notify such school that further payments will not be made to it from appropriations under such section until he is satisfied that there is no longer any such failure. Until he is so satisfied the Surgeon General shall make no further certification for payments to such school from appropriations under such section.

"(c) If any school with respect to which payments have been made from appropriations under section 373 for the construction and equipment of any building or other facility (other than one to which subsection (b) of such section is applicable) shall, within ten years after the completion of such construction, fail to carry out any assurances given pursuant to section 374 (b), the United States shall be entitled to recover from the owners of such building or other facility the same percentage of the then value of such building or facility as the amount paid with respect thereto from appropriations under section 373 was of the total cost of such building or facility, such value to be determined by agreement of the parties or by action brought in the district court of the United States for the district in which such building or facility is located.

"APPROPRIATIONS AUTHORIZED FOR SCHOLARSHIPS

"SEC. 376. In order further to increase the number of persons adequately trained in the fields of medicine, dentistry, dental hygiene, nursing, public health, including hospital administration, and sanitary engineering, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each fiscal year thereafter such sums as Congress may determine to be necessary for the purpose of enabling the Surgeon General to make payments to the States to cover the costs of the State scholarships awarded to persons pursuant to this part. The total number of such scholarships in each such field which may be awarded for any fiscal year shall be determined by the Surgeon General in accordance with regulations designed, insofar as practicable, to assure that the scholarship program under this section will keep pace with the progress made in the expansion of the staff and facilities of the schools providing training in such field.

"APPORTIONMENTS TO STATES FOR SCHOLARSHIPS

"SEC. 377. (a) Of the sums appropriated pursuant to section 376 for a fiscal year, such amounts as the Surgeon General shall determine, after consultation with the Council and consideration of the relative need for and cost of scholarships in each of the health fields, shall be available for—

"(1) scholarships to schools of medicine providing training leading to a degree of doctor of medicine;

"(2) scholarships to schools of dentistry providing training leading to a degree of doctor of dental surgery or an equivalent degree;

"(3) scholarships to schools of dental hygiene providing training leading to a diploma or degree as dental hygienist;

"(4) scholarships to schools of nursing providing basic or advanced training leading to a degree in nursing;

"(5) scholarships to schools of public health providing training leading to a graduate degree in fields relating to public health;

"(6) scholarships to schools of engineering providing training leading to a degree in sanitary engineering or an equivalent degree.

"(b) For each fiscal year, the Surgeon General shall from time to time apportion each of the sums available for apportionment pursuant to subparagraphs (1), (2), (3), (4), (5), and (6), respectively, of subsection (a) among the States having State plans approved under this part as follows: (1) One-half of each such sum on the basis of population (according to the latest figures available from the Department of Commerce), and (2) one-half of each such sum on the basis of the relative need of each such State for additional personnel trained in the field for which such sum is available, such need to be determined in accordance with regulations prescribed after consultation with the Council.

"(c) In any case in which the amount apportioned to a State from the sums available therefor pursuant to any subparagraph of subsection (a) is less than is
necessary to provide two scholarships such amount shall be increased to the extent necessary to do so. Sums necessary for such increases are hereby authorized to be appropriated, and the limitation on the total number of scholarships established pursuant to section 376 shall be increased to the extent necessary to provide the increases authorized by the preceding provisions of this subsection.

"STATE PLANS FOR SCHOLARSHIPS"

"SEC. 378. (a) To be approved under this part, a State plan for scholarships must—

"(1) establish or designate a single State agency as the sole agency for carrying out or supervising the carrying out of the State plan;

"(2) provide that the State agency shall make such reports, in such form and containing such information, as the Surgeon General may from time to time require, and comply with such provisions as the Surgeon General may find necessary to assure the correctness and verification of such reports;

"(3) provide that the sums received under this part shall be used exclusively for paying the cost of scholarships at school of medicine, dentistry, dental hygiene, nursing, public health, or engineering, as the case may be, in accordance with this part;

"(4) provide for the selection of appointees to scholarship on the basis of ability and such other factors as the State may find necessary and reasonable to carry out the purposes of this part;

"(5) provide that the selection of appointees for scholarships will be made without discrimination on the basis of race, color, creed, or national origin; and

"(6) provide that the scholarship to which a person is appointed shall include the cost of tuition customarily charged by the school, educational fees, books, and equipment, shall be for a period of time not in excess of that customarily required for completion of the standard course offered by the school, and shall include the cost of maintenance in such amount as the Surgeon General, after consultation with the Council, determines for each school, but not exceeding $125 per month for a student without dependents, $150 per month for a student with one dependent, and $175 per month for a student with two or more dependents: Provided, That any appointee to a scholarship who is able to do so financially shall be encouraged but not compelled to forego all or any part of such scholarship.

"(b) The Surgeon General, after consultation with the Council, shall approve any State plan which he finds meets the requirements of subsection (a) and is otherwise in conformity with the requirements of this part.

"CONDITIONS FOR AWARD OF SCHOLARSHIPS"

"SEC. 379. (a) No scholarship shall be awarded by any State to any individual from funds paid to the State under this part unless he files an application therefor, in such form and containing such information as may be prescribed by regulations, including (1) a statement by the applicant as to whether he has or has not theretofore received a scholarship under this part; (2) a statement of the course of study or training proposed to be taken by the applicant; (3) a statement by the applicant showing whether the scholarship applied for is necessary to such undertaking; (4) a statement that the scholarship will be used to defray the costs of tuition fees, books, supplies, board, lodging, and other expenses (for himself and any dependents) incident to such course of study or training; and (5) the name and location of the educational institution which the applicant expects to attend.

"(b) Any student to whom a State agency has awarded a scholarship shall be entitled to continue receiving the amounts thereby provided for only so long as his work continues to be satisfactory, according to the regularly prescribed standards and practices of the educational institution which he is attending.

"(c) (1) No scholarship shall be awarded to any person for any period during which he is receiving education and training under title II of the Servicemen's Readjustment Act of 1944, as amended.

"(2) Scholarships awarded under this part shall be conditioned upon (a) acceptance by a school of his choice which provides the training for which the scholarship is awarded and which is accredited by a body or bodies approved by the Surgeon General for the purpose, and (b) agreement by the appointee to serve, upon completion of his training (including internships and residencies),
one year for each two academic years during which he received the benefits of the scholarship (1) in the rendition for the State which selected him, or for a political subdivision thereof, of service in his profession or in the practice of his profession in an area designated by the State agency (carrying out or supervising the carrying out of the State plan approved under this part) as one in need of additional personnel trained in such profession, or (ii) with the approval of the State agency, in the practice of his profession on full time active duty in a medical agency or unit of the United States. If the appointee fails to fulfill his agreement, or if he voluntarily fails to complete the course of training covered by his scholarship and any required period of internship, he shall, unless he shows to the satisfaction of the State agency good cause for his failure, be obligated to reimburse the United States for the cost (reduced in proportion to the extent to which he has fulfilled his agreement) of the sums paid to him pursuant to this part.

**PAYMENTS TO STATES FOR SCHOLARSHIPS**

"SEC. 380. (a) The Surgeon General shall from time to time estimate the sums to which each State is entitled from its apportionments under section 377 and shall certify to the Secretary of the Treasury the amount so estimated, reduced or increased, as the case may be, by any sum by which the Surgeon General finds his estimate for any prior period was greater or less than the amount which should have been paid to the State for such period. The Surgeon General shall also from time to time estimate the amount necessary for the proper and efficient administration of the State plan approved under this part for the period for which such estimate is made and shall certify to the Secretary of the Treasury one-half of the amount so estimated, reduced, or increased, as the case may be, by any sum by which the Surgeon General finds his estimate for any prior period was greater or less than the amount expended for such purpose for such period. The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State the amounts so certified, at the time or times specified by the Surgeon General.

"(b) If the Surgeon General after reasonable notice and opportunity for hearing to the State agency carrying out or supervising the carrying out of the State plan approved under section 378 finds that there is a failure to comply substantially with any of the provisions of the State plan or regulations under this part, or that the State plan has been so changed that it no longer complies with the provisions of this part, he shall notify such State agency that further payment will not be made to the State from sums appropriated pursuant to section 376 or that payment will be limited to fields in which there is no such failure, until he is satisfied that there is no longer any such failure. Until he is so satisfied, he shall make no further certification to the Secretary of the Treasury, with respect to such State from such appropriations or shall limit certifications with respect to such State to fields in which there is no such failure.

**REGULATIONS**

"SEC. 381. All regulations with respect to payments under this part to schools of medicine, schools of dentistry, schools of dental hygiene, schools of nursing, schools of public health, and schools of engineering, and to the States, shall be made only after consultation with the Council.

**GENERAL PROVISIONS**

"SEC. 382. (a) Except as otherwise provided in this part, nothing contained in this part shall be construed as authorizing any department, agency, officer, or employee of the United States to exercise any control over, or prescribe any requirements with respect to, the curriculum or administration of any school, or the admission of applicants thereto.

"(b) Nothing in this part shall be construed to authorize the Surgeon General or any State agency to exercise any influence upon the choice by any applicant for, or a recipient of, a scholarship under this part of a course of training or study of an educational institution at which such course is to be pursued, or to authorize the Surgeon General to exercise any supervision or control over any such institution for the purposes of this part."
NATIONAL COUNCIL ON EDUCATION FOR HEALTH PROFESSIONS

SEC. 102 (a) Section 217 of the Public Health Service Act is amended by adding at the end thereof the following new subsection:

"(h) The National Council on Education for Health Professions shall consist of the Surgeon General, who shall serve as Chairman, the Commissioner of Education or his representative, the chief medical officer of the Veterans' Administration or his representative, a medical representative designated by the Secretary of Defense, who shall be ex officio members, and twenty members appointed without regard to the civil-service laws by the Surgeon General with the approval of the Administrator. The twenty appointed members shall be leaders in the field of medical sciences, education, or public affairs, and ten of the twenty shall be selected from leading authorities in the field of medical, dental, nursing, sanitary engineering, and public health education. Each appointed member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that, of the members first appointed, five shall hold office for a term of three years, five shall hold office for a term of two years, and five shall hold office for a term of one year as designated by the Surgeon General at the time of appointment. None of such twenty members shall be eligible for reappointment until a year has elapsed since the end of his preceding term. The Surgeon General with the approval of the Administrator is authorized to appoint such special advisory and technical committees, including committees for medical, dental, dental hygiene, nursing, sanitary engineering, hospital administration, and public-health education, respectively, as may be useful in carrying out the functions of the Council and the Service under part H of title III of this Act."

PART B—PRACTICAL NURSE TRAINING

DEFINITIONS

SEC. 111. When used in this part—

(a) The term "practical nurse" means a person who is trained to care for subacute, convalescent, and chronic patients under the direction of a licensed physician or under the supervision of a registered professional nurse, or to assist a registered professional nurse in the care of acute illness.

(b) The term "State" includes the several States, Alaska, Hawaii, Puerto Rico, the Virgin Islands, and the District of Columbia.

(c) The term "Administrator" means the Federal Security Administrator.

(d) The term "Commissioner" means the Commissioner of Education of the Federal Security Agency.

(e) The term "State board" means the State Board for Vocational Education.

STATE PLANS

SEC. 112. (a) In order for a State to secure the benefits of this part, the State board shall submit, and have approved by the Commissioner, a State plan for practical nurse training. To be approved under this part, a State plan for practical nurse training must provide (1) that such training shall be given under public supervision or control; (2) that the purpose of such training shall be to fit individuals for useful employment as practical nurses; (3) that such training shall be of less than college grade and shall be designed to meet the needs of persons over sixteen years of age who are preparing to enter upon or who have entered upon the vocation of practical nursing; (4) that such training shall include such courses of practical training and instruction and such supervised experience as are necessary to meet the minimum requirements of State licensing laws for practical nurses, or, where such laws have not been enacted, that the State board shall establish adequate standards for such training and instruction; (5) that teachers of practical nurse courses in any State shall have at least the minimum qualifications for teachers of such subjects determined upon for such State by the State board, with the approval of the Commissioner; (6) for the availability of professional education courses necessary for the certification of teachers, supervisors, and directors of practical nurse training; (7) that such training leading to certification of teachers, supervisors, and directors shall be given under the auspices of the State board and, except in the case of teachers of related subjects, only to persons who have had adequate experience in nursing; (8) duties and qualifications for teachers, teacher-trainers, supervisors and direct-
tors, and plans for the supervision and direction of practical nurse training; 
(9) for an advisory council composed of not more than ten nor less than six 
persons, including not less than two registered nurses, a physician, an educator, 
a hospital administrator, and such other persons the State may desire, all of 
whom shall be appointed for overlapping terms of not to exceed three years; 
(10) that the State treasurer (or similar officer) shall be custodian of funds paid 
to the State under this part and shall pay such funds only on requisition of the 
State board to such schools as are approved by the Board and are entitled to 
receive payments under the plan; (11) evidence satisfactory to the Commissioner 
that full compliance with the requirements of this part is authorized under the 
State laws; (12) that the State board shall make an annual report to the Com-
munity on or before September 1 of each year, on such forms and in such 
manner as the Commissioner may prescribe, on the work done in the State during 
the preceding fiscal year and the receipts and expenditures of money under the 
State plan approved under this part.

(b) The Commissioner shall approve any plan which fulfills the conditions 
specified in subsection (a) and which he finds is otherwise in conformity with the 
provisions and purposes of this part; and (13) that the State board has all the 
authority necessary to carry out the State plan and to cooperate with the Com-
misioner in the administration of this part.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 113. (a) For the purpose of assisting the several States in the develop-
ment of practical nurse training, there is authorized to be appropriated for the 
financial year beginning July 1, 1949, and annually thereafter, $15,000,000 for ex-
penditure in accordance with the provisions of this part.

(b) There is also authorized to be appropriated for the financial year beginning 
July 1, 1940, and annually thereafter, such amount as may be necessary for the 
administration of this part.

(c) The funds appropriated pursuant to subsection (a) may be used for 
assisting the several States in meeting the direct costs of maintaining an adequate 
program of administration, supervision, and teacher-training; for salaries and 
necessary travel expenses of teachers, teacher-trainers, supervisors, and directors 
of practical nurse training and for necessary travel expenses of students taking 
practical training in a hospital outside the community in which the school is 
located; for securing necessary educational information and data as a basis for 
the proper development of programs of practical nurse training; for purchase, 
rental, or other acquisition and the repair and maintenance of equipment for 
vocational instruction; for purchase of supplies for vocational instruction; for 
the costs of operation of necessary buildings; to provide initially for alteration 
of public buildings to facilitate such training (not to exceed $2,500 per training 
unit); for promotion of the program and recruitment of students and teachers; 
for paying the cost of practical nurse training, under the supervision or control of 
the State board or local boards of vocational education, in public or nonprofit 
private hospitals exempt from income tax under section 101 of the Internal 
Revenue Code: Provided, That all expenditures for the purposes set forth in this 
section shall be made in accordance with the State plan approved under this 
part.

PAYMENTS TO STATES

SEC. 114. In order to receive the benefits of this part for any period after June 
30, 1954, each State shall be required to match by State or local funds, or both: 
(a) for the two-year period ending June 30, 1956, 25 per centum of the amount 
expended during such period by the State from funds paid to it under this part; 
(b) for the two-year period ending June 30, 1958, 50 per centum of the amount 
so expended during such period; (c) for any fiscal year thereafter, 100 per 
centum of the amount so expended during such period.

REQUIREMENTS AS TO MATCHING OF FUNDS

SEC. 115. (a) Of the amount appropriated for each fiscal year pursuant to 
section 113 (a), 50 per centum shall be allotted by the Commissioner among the 
States having State plans approved prior to the beginning of such year, in the 
proportion which the population of each such State bears to the population of all 
the States having State plans so approved. The remaining 50 per centum of such 
amount shall be allotted by the Commissioner among such of the States having
approved State plans as he determines, under regulations prescribed by him with
the approval of the Administrator, can make the most efficient use of such funds
for the purposes of this part.
(b) From time to time the Commissioner shall certify to the Secretary of the
Treasury for payment to each State such amounts, within the allotment to such
State, as shall be necessary to carry out the approved State plan. Upon receipt
of any such certification, the Secretary of the Treasury shall, prior to audit or
settlement by the General Accounting Office, pay in accordance with said certifica-
tion.
(c) Funds appropriated pursuant to this part shall not be paid to any State
until a State supervisor of practical nurse training meeting the minimum require-
ments established in the State plan has been employed.

REGULATIONS
SEC. 116. The Commissioner, with the approval of the Administrator, shall make
and publish such regulations, not inconsistent with this part, as may be necessary
to the efficient administration of its provisions.

ADMINISTRATION
SEC. 117. The Commissioner shall perform his functions under this part under
the supervision and direction of the Administrator. It shall be the duty of the
Commissioner to make, or cause to have made, studies, investigations, and reports
for use in aiding the States in training practical nurses and teachers, teacher-
trainers, supervisors, and directors of practical nurse training.

ANNUAL REPORT
SEC. 118. The Commissioner shall make an annual report to the Administrator
concerning the administration of this part, including reports to show the distri-
bution of Federal funds, the activities of the States in the training program,
the numbers of persons trained thereunder, and recommendations for such revi-
sions of this part as he deems necessary. The Administrator shall include in his
annual report to the Congress such portions of the Commissioner’s report as the
Administrator deems necessary.

ADVISORY COMMITTEES
SEC. 119. The Commissioner may, with the approval of the Administrator,
appoint such advisory committees on practical nurse training as he deems neces-
sary to the proper administration of this part. The members of such committees
who are not officers or employees of the United States shall serve without
compensation, except that while attending conferences or meetings of the com-
mittees or while otherwise serving at the request of the Commissioner they shall
be entitled to receive compensation at a rate to be fixed by the Commissioner,
but not exceeding $50 per diem, and shall also be entitled to receive an allow-
ance for actual and necessary travel and subsistence expenses while so serving
away from their places of residence.

WITHHOLDING OR RECAPTURE OF PAYMENTS
SEC. 120. (a) Whenever any portion of the funds paid to any State under
this part has not been expended in accordance with its provisions, a sum equal
to such portion shall be deducted by the Commissioner from subsequent pay-
ments hereunder to such State and the State shall be held accountable for the
full amount so paid plus an amount equal to that withheld.
(b) The Commissioner may withhold the allotment or payment of any moneys
to any State under this part whenever he determines that such moneys are not
being expended in accordance with the provisions of this part.
(c) If any portion of the moneys paid to any State under this part shall, by
any action or contingency be diminished or lost, it shall be replaced by such
State, and until so replaced no subsequent payments shall be made to such State
under this part. No funds paid to a State under this part shall be applied,
directly or indirectly, to the purchase, erection, preservation, or repair (other
than alterations) of any building or buildings, or for the purchase or rental of
lands, or for payment (except as provided in section 113 (c)) to any privately
owned or conducted school, college, or other institution.
TITLE II—MEDICAL RESEARCH

PURPOSE

SEC. 201. The purpose of this title is to improve the health of the people of the United States through the conduct of researches, investigations, experiments, and demonstrations relating to the cause, prevention, and methods of diagnosis and treatment of poliomyelitis, diabetes, arthritis and rheumatism, multiple sclerosis, cerebral palsy and epilepsy, and other disease or groups of diseases; assist and foster such researches and other activities by public and private agencies, and promote the coordination of all such researches and activities and the useful application of their results; provide training in matters relating to such diseases; and develop, and assist States and other agencies in the use of, the most effective methods of prevention, diagnosis, and treatment of such diseases.

ADDITIONAL RESEARCH INSTITUTES

SEC. 202. (a) The heading of title IV of the Public Health Service Act (42 U. S. C., ch. 6A) is amended to read "Title IV—National Research Institutes". (b) Title IV of such Act is further amended by adding immediately after part C the following new part:

"PART D—OTHER INSTITUTES

"ESTABLISHMENT OF INSTITUTES

"Sec. 431. The Surgeon General is authorized, with the approval of the Administrator, to establish in the Public Health Service one or more additional institutes to conduct and support scientific research and professional training relating to the cause, prevention, and methods of diagnosis and treatment of poliomyelitis, diabetes, arthritis and rheumatism, multiple sclerosis, cerebral palsy and epilepsy, or any other diseases or groups of diseases whenever the Surgeon General determines that such action is necessary to effectuate fully the purposes of section 301 with respect to such disease or diseases. Any institute so established may in like manner be abolished and its functions transferred elsewhere in the Public Health Service upon a finding by the Surgeon General that a separate Institute is no longer required for such purposes.

"ESTABLISHMENT OF NATIONAL ADVISORY COUNCILS

"Sec. 432. Upon the establishment of an institute pursuant to section 431, the Surgeon General is also authorized to establish a national advisory council to advise, consult with, and make recommendations to the Surgeon General on matters relating to the activities of the institute. Any such council shall consist of the Surgeon General ex officio, and of twelve members appointed without regard to the civil-service laws by the Surgeon General with the approval of the Administrator. The twelve appointed members shall be leaders in the field of fundamental sciences, medical sciences, education, or public affairs, and six of such twelve shall be selected from leading medical or scientific authorities who are outstanding in the study, diagnosis, or treatment of the disease or diseases to which the activities of the Institute are directed. Each appointed member of the council shall hold office for a term of four years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term and except that, of the members first appointed, three shall hold office for a term of three years, three shall hold office for a term of two years, and three shall hold office for a term of one year, as designated by the Surgeon General at the time of appointment. None of such twelve members shall be eligible for reappointment until a year has elapsed since the end of his preceding term. Every two years the council shall elect one member to act as chairman for the succeeding two-year period.

"FUNCTIONS

"Sec. 413. Where an institute has been established under this part, the Surgeon General shall carry out the purposes of section 301 with respect to the conduct and support of research relating to the disease or diseases to which the activities of the institute are directed (including grants-in-aid for drawing plans, erec-
tion of buildings, and acquisition of land therefor) through such institute and in cooperation with the appropriate council. In addition, the Surgeon General is authorized to provide training and instruction and establish and maintain traineeships, in such institute and elsewhere, in matters relating to the diagnosis, prevention and treatment of such disease or diseases with such stipends and allowances (including travel and subsistence expenses) for trainees as he may deem necessary, and, in addition, provide for such training, instruction, and traineeships through grants to public and other nonprofit institutions. Upon the appointment of a national advisory council for an institute established under this part, such council shall assume the duties, functions, and powers of the National Advisory Health Council with respect to grants-in-aid for research and training projects relating to the disease or diseases to which the activities of the institute are directed."

NATIONAL ADVISORY COUNCILS

SEC. 203. (a) Subsection (b) of section 217 of the Public Health Service Act, is amended to read as follows:

"(b) The National Advisory Health Council shall advise, consult with, and make recommendations to the Surgeon General on matters relating to health activities and functions of the Service. The Surgeon General is authorized to utilize the services of any member or members of the Council and, where appropriate, any member or members of the national advisory councils established under this Act on cancer, dental research, mental health, heart, or other diseases or groups of diseases in connection with matters related to work of the Service, for such periods, in addition to conference periods, as he may determine."

(b) The heading of section 217 of such Act is amended to read "National Advisory Councils".

(c) Subsection (e) of section 208 of such Act is amended to read as follows:

"(e) Members of the National Advisory Health Council and members of other national advisory councils, established under this Act, other than ex officio members, while attending conferences or meetings of their respective councils or while otherwise serving at the request of the Surgeon General, shall be entitled to receive compensation at a rate to be fixed by the Administrator, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence."

OTHER AUTHORITY

SEC. 204. Section 406 of the Public Health Service is amended to read as follows:

"OTHER AUTHORITY

"SEC. 406. This title shall not be construed as limiting (a) the functions or authority of the Surgeon General or the Public Health Service under any other title of this Act, or of any officer or agency of the United States, relating to the study of the prevention, diagnosis, and treatment of any disease or group of diseases for which a separate institute is established under this Act; or (b) the expenditure of money therefor."

(b) Sections 415, 425, and 426 of such Act are hereby repealed.

(c) Section 209 of such Act is amended by adding at the end thereof the following new subsection:

"(g) The Administrator is authorized to establish and fix the compensation for, within the Public Health Service, not more than thirty positions, in the professional and scientific service, such position being established to effectuate those research and development activities of the Public Health Service which require the services of specially qualified scientific or professional personnel: Provided, That the rates of compensation for positions established pursuant to the provisions of this subsection shall not be less than $10,000 per annum nor more than $15,000 per annum, and shall be subject to the approval of the Civil Service Commission. Positions created pursuant to this subsection shall be included in the classified civil service of the United States, but appointments to such positions shall be made without competitive examination upon approval of the proposed appointee's qualifications by the Civil Service Commission or such officers or agents as it may designate for this purpose."
TITLE III—HOSPITAL SURVEY AND CONSTRUCTION AMENDMENTS

PURPOSE

Sec. 301. The purpose of this title is to amend the hospital survey and construction provisions of the Public Health Service Act so as to extend the duration of such provisions until June 30, 1957; to increase the amount authorized to be allotted among the States for assisting in meeting the costs of construction of hospitals; to authorize increases in the amount of Federal participation in the costs of construction of projects and permit variation of such amount within a State in accordance with State standards; to include in the program specifically, and to give necessary emphasis to construction of, facilities for group medical and dental practice; to authorize studies on the coordinated use of hospital facilities on a regional area basis; and to otherwise improve such provisions of the Public Health Service Act.

AMENDMENT OF PURPOSE OF SURVEY PROVISIONS

Sec. 302. Section 601 of the Public Health Service Act is amended to read:

"Sec. 601. The purpose of this title is--

"(a) to assist the several States to inventory their existing hospitals (as defined in section 631 (e)), to survey the need for construction of hospitals, and to develop programs for construction of such public and other nonprofit hospitals as will, in conjunction with existing facilities, afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people;

"(b) to assist in the construction of public and other nonprofit hospitals in accordance with such programs; and

"(c) to authorize the Surgeon General to conduct, and make grants for the conduct of, research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources, and to promote the coordination of such experiments and demonstrations and the useful application of their results."

GRANTS FOR ADMINISTRATIVE EXPENSES OF STATE AGENCIES

Sec. 303. (a) The heading of part B of title VI of such Act is amended to read "Surveys, Planning, and Administration."

(b) Such part is further amended by adding at the end thereof the following new section:

"GRANTS FOR ADMINISTRATIVE EXPENSES OF STATE AGENCIES

"Sec. 614. (a) In order to assist the States in the continuous development and administration of State plans approved by the Surgeon General under section 623 (b), there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each fiscal year thereafter, the sum of $1,000,000.

"(b) Each State for which a State plan has been approved under section 623 (b) prior to or during a fiscal year shall be entitled for such year to an allotment bearing the same ratio to the sums appropriated for such year under subsection (a) of this section as the State's allotment under section 624 bears to the total of the allotments made to all States under that section for such year; Provided, That no such allotment to any State shall be less than $15,000; and amounts required to pay such minimum allotments are hereby authorized to be appropriated in addition to the amounts authorized under subsection (a). The Surgeon General shall calculate the allotments to be made under this subsection and shall notify the Secretary of the Treasury of the amounts thereof.

"(c) The Surgeon General shall, from time to time, determine the amounts to be paid to each State from the allotments to such State under subsection (b), and shall certify to the Secretary of the Treasury the amounts so determined, reduced or increased, as the case may be, by the amounts by which he finds that estimates of required expenditures with respect to any prior period were greater or less than the actual expenditures of such period. Upon receipt of such certification, the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

"(d) The moneys so paid to any State shall be expended by or under the direction of the State agency designated pursuant to paragraph (1) of section 623 (a) and shall be expended solely to meet expenses incurred in the administration of
the State plan approved under section 623 (b), including a continuous inventory of existing hospital facilities, surveys of the need for additional facilities, investigation of the need for financial assistance in the maintenance and operation of hospital facilities, and development of construction programs in accordance with section 601 (a). Moneys so paid shall be paid upon the condition that there shall be spent in such State for the same purpose from funds of such State an amount at least equal to the amount of funds paid to the State under this subsection."

(c) Money appropriated prior to July 1, 1949, pursuant to section 611 of the Public Health Service Act but not paid to any State prior to such date shall revert to the general funds in the Treasury of the United States. Money paid to any State prior to such date pursuant to section 613 (a) of such Act but not expended by it prior to such date shall be available to such State for expenses incurred in the administration of the State plan approved under section 623 (b) of such Act and shall be taken into account by the Surgeon General in determining the amounts to be paid to such State under section 614 of the Public Health Service Act, as amended by this Act.

APPROPRIATIONS

SEC. 304. The first sentence of section 621 of such Act is amended to read: "In order to carry out the purposes of section 601 (b) there are hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each fiscal year thereafter, such sums as may be necessary to liquidate contractual obligations incurred pursuant to section 625."

GROUP PRACTICE FACILITIES

SEC. 305. Section 622 of such Act is amended by adding at the end thereof the following new subsection:

"(h) The extent to which and the conditions under which the State plan shall make provision for construction of facilities for the group practice of medicine or dentistry (or both) by or for a cooperative or other nonprofit corporation or association and for assignment of priority to such construction, regulations under this paragraph to be prescribed not later than six months after the enactment thereof."
APPROVAL OF PROJECTS AND PAYMENTS FOR CONSTRUCTION

SEC. 308. Section 625 of such Act is amended to read:

"SEC. 625. (a) For each project for construction pursuant to a State plan approved under this part, there shall be submitted to the Surgeon General through the State agency an application for funds by the State or a political subdivision thereof or by a public or other nonprofit agency. If two or more of such agencies join in the construction of the project, the application may be filed by one or more of such agencies. Such application shall set forth (1) a description of the site for such project; (2) plans and specifications for the project in accordance with the regulations prescribed by the Surgeon General under section 622 (c); (3) a payee to receive payments from the State or the Secretary of the Treasury, who is duly authorized to receive such payments; (4) reasonable assurance that title, as defined in section 631 (k), to such site is or will be vested in one or more of the agencies filing the application, or in a public or other nonprofit agency which is to operate the hospital; (5) reasonable assurance that adequate financial support will be available for the construction of the project, and (ii) the rates of pay for laborers and mechanics engaged in construction of the project will not be less than the prevailing local wage rates for similar work as determined in accordance with Public Law 403 of the Seventy-fourth Congress, approved August 30, 1935, as amended; (6) reasonable assurances that adequate financial support will be available for its maintenance and operation; and (7) a certification by the State agency of the Federal share for the project.

(b) The Surgeon General shall approve such application if the unobligated balance of the sum allotted to the State is equal to or greater than the Federal share of the cost of construction of such project; and if the Surgeon General finds (1) that the plans and specifications are in accord with the regulations prescribed pursuant to section 622; (2) that the application is in conformity with the State plan approved under section 623; (3) that the application contains reasonable assurances as to title, financial support, and payment of prevailing rates of wages, as required in subsection (a) ; (4) that the application contains assurance that in the operation of the hospital there will be compliance with the applicable requirements of the State plan and of the regulations prescribed pursuant to section 622 (f) regarding provision of facilities without discrimination on account of race, creed, or color, and for furnishing needed hospital facilities for persons unable to pay therefor; (5) that the payee designated in the application has authority to receive payment for and on behalf of the agency or agencies responsible for the construction of the project; and (6) that it has been approved and recommended by the State agency and is entitled to priority over other projects within the State in accordance with the regulations prescribed pursuant to subsection (d) and (b) of section 622. No application shall be disapproved until the Surgeon General has afforded the State agency an opportunity for a hearing.

(c) Whenever the Surgeon General shall have approved an application for a construction project in accordance with this section, the Federal share of the estimated cost of such project shall constitute a contractual obligation of the Federal Government.

(d) Upon approving an application under this section, the Surgeon General shall certify to the Secretary of the Treasury an amount equal to the Federal share of the estimated cost of construction of the project and designate the appropriation from which it is to be paid. Such certification shall provide for payment to the State, except that, if the State agency so requests, the certification shall provide for payment direct to the payee designated in the application. Upon certification by the State agency, based upon inspection by it, that work has been performed upon a project, or purchases have been made, in accordance with the approved plans and specifications, and that payment of an installment is due, the Surgeon General shall certify such installment for payment by the Secretary of the Treasury. If the Surgeon General, after investigation or otherwise, has ground to believe that a default has occurred requiring action pursuant to section 632 (a) he may, upon giving notice of hearing pursuant to such subsection, withhold certification pending action based on such hearing.

(e) Amendment of any approved application shall be subject to approval in the same manner as an original application. Certification under subsection (d) may be amended either upon approval of an amendment of the application or upon a determination of the estimated cost of a project. An amended certification may direct that any additional payment be made from the applicable allotment for the fiscal year in which such amended certification is made.
“(f) The funds paid under this section for the construction of an approved project shall be used solely for carrying out, or to make reimbursement for expenditures made in carrying out, such project as approved.

“(g) If any hospital for which funds have been paid under this section shall at any time within twenty years after the completion of construction (A) be sold or transferred to any person, agency, or organization (1) which is not qualified to file an application under this section, or (2) which is not approved as a transferee by the State agency designated pursuant to section 623 (a) (1), or its successor, or (B) cease to be a public or nonprofit hospital as defined in section 631 (g), the United States shall be entitled to recover from the transferor or transferee (or, in the case of a hospital which has ceased to be a nonprofit hospital, the owners thereof) an amount bearing the same ratio to the then value of the hospital, or of that portion of the hospital constituting an approved project, as the amount of the Federal participation bore to the cost of construction of such project: Provided, That if the transfer of the hospital be involuntary, as by foreclosure, condemnation, or operation of law, the United States shall be entitled to recover an amount bearing a like ratio to the total amount of any proceeds thereof to which the transferer may be entitled: Provided further, That the United States shall in no case be entitled to recover an amount in excess of the amount of Federal participation in the cost of construction of any project. Such amount may be recoverable by action brought in the district court of the United States for the district in which such hospital is situated. The State agency shall no approve any person, agency, or organization as a transferee unless such person, agency, or organization gives the assurances required by section 625 (a) and (b) with respect to maintenance and operation of the hospital.”

“DEFINITIONS

Sec. 309. (a) Subsection (e) of section 631 of such Act is amended to read:

“(c) the term ‘hospital’ (except when used in section 622 (a) and (b)) includes public health centers, facilities for the group practice of medicine or dentistry (or both) by or for a cooperative or other nonprofit corporation or association, and general, tuberculosis, mental, chronic disease, and other types of hospitals, and related facilities, such as laboratories, out-patient departments, nurses’ home and training facilities, and central service facilities operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.”

(b) Subsection (g) of section 631 of such Act is amended to read:

“(g) the term ‘nonprofit hospital’ means any hospital which is owned by one or more nonprofit corporations or associations and which is operated by one or more nonprofit corporations or associations; and the term ‘nonprofit corporation or association’ means a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.”

(c) Such section is further amended by striking out “and” at the end of paragraph (h), by striking out the period at the end of paragraph (1) and inserting in lieu thereof a semicolon, and by inserting after paragraph (1) the following new paragraphs:

“(f) The term ‘Federal share’ with respect to any project means the proportion of the cost of construction of such project to be paid by the Federal Government under this part, the amount thereof to be determined as follows:

“(1) If the State plan for any State, as of the date of approval of any project application, contains standards approved by the Surgeon General pursuant to section 623 (e), the Federal share with respect to such project shall be determined by the State agency in accordance with such standards:

“(2) If the State plan does not contain such standards, the Federal share shall be an amount (not less than 33 1/3 per centum and not more than either 60 per centum or the State’s allotment percentage, whichever is the lower) established by the State agency for all projects in the State: Provided, That each State agency shall give the Surgeon General written notification of the Federal share for projects approved in such State within each fiscal year prior to the approval of the first project in such State during such year, and the Federal share for such State for such year shall not be changed after such approval; and

“(k) The term ‘title’ means a fee simple, or such other estate or interest (including leaseholds) as the Surgeon General finds sufficient to assure un-
disturbed use and possession for a period of not less than fifty years for the purposes of construction and operation of the project.”

WITHHOLDING OF CERTIFICATION

Sec. 310. Section 632 (a) of such Act is amended to read:
“(a) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to the State agency designated in accordance with section 623 (a) (1) finds (1) that the State agency is not complying substantially with the provisions required by section 623 (a), or by regulations prescribed pursuant to section 622, to be contained in its plan submitted under section 623 (a), or (2) that any funds have been diverted from the purposes for which they have been allotted or paid, or (3) that any assurance given in an application filed under section 625 is not being or cannot be carried out, or (4) that there is a substantial failure to carry out plans and specifications approved by the Surgeon General under section 625, the Surgeon General may forthwith notify the Secretary of the Treasury and the State agency that no further certification will be made under part B or part C, or that no further certification will be made for expenses of administering the State plan or for any project or projects designated by the Surgeon General as being affected by the default, as the Surgeon General may determine to be appropriate under the circumstances; and, except with regard to any project for which the application has already been approved and which is not directly affected by such default, he may withhold further certifications until there is no longer any failure to comply, or, if compliance is impossible, until the State repays or arranges for the repayment of Federal monies which have been diverted or improperly expended.”

HOSPITAL FACILITIES

Sec. 311. Such Act is further amended by adding after section 635 the following new section:

“STUDIES AND DEMONSTRATIONS RELATING TO COORDINATED USE OF HOSPITAL FACILITIES

“Sec. 636. In carrying out the purposes of section 301 with respect to hospital facilities, the Surgeon General is authorized to conduct research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources and, after consultation with the Federal Hospital Council, to make grants-in-aid to States, political subdivisions, universities, hospitals, and other public or private nonprofit institutions or organizations for projects for the conduct of research, experiments, or demonstrations relating to the development, utilization, and coordination of hospital services, facilities, and resources. Any award made under this section for any such project in any fiscal year may include amounts for not to exceed the four succeeding fiscal years, and such amounts for such succeeding fiscal years shall constitute contractual obligations of the Federal Government: Provided, That the total of such obligations for all such projects to be paid in any such succeeding fiscal year may not exceed $1,200,000.”

EFFECTIVE DATES

Sec. 312. (a) This title shall take effect upon the date of its enactment, except that (1) section 624 (a) of the Public Health Service Act, as amended by section 307 of this Act, shall be effective as of July 1, 1948; and (2) section 624 (b) and the first sentence of section 625 (d) of the Public Health Service Act, as amended by sections 307 and 308 of this Act, respectively, shall be effective with respect to all projects approved under section 625 of the Public Health Service Act on or after January 1, 1949.

(b) Effective as of July 1, 1948, the paragraph “Grants for hospital construction” under the heading “Public Health Service” in the Federal Security Agency Appropriation Act, 1940, is amended by striking out “$75,000,000” and inserting in lieu thereof “$150,000,000”.

(c) The Federal share of the cost of construction (determined pursuant to section 631 (j) of the Public Health Service Act, as amended by this Act) of any project with respect to which an application has been approved after August 13, 1946, and prior to the date of enactment of this Act, shall constitute a contractual obligation of the United States, notwithstanding that it may be in excess of the State’s allotment determined in accordance with the applicable provisions
of title VI of the Public Health Service Act and the applicable provisions of the Acts appropriating funds for the Federal Security Agency appropriation Acts. There are hereby authorized to be appropriated (in addition to the sums authorized to be appropriated pursuant to section 621 of the Public Health Service Act, as amended by this Act) such sums as may be necessary to meet the Federal share of the cost of construction of such projects in excess of States' allotments is herein provided. In no case shall the total of the Federal payments made before and the payments made after enactment of this Act with respect to any project approved under title VI of the Public Health Service Act exceed the Federal share of the cost of construction thereof.

**SHORT TITLE**

Sec. 313. This title may be cited as the "Hospital Survey and Construction Amendments of 1949".

**TITLE IV—SPECIAL AID FOR RURAL AND OTHER SHORTAGE AREAS**

**PART A—RELIEF OF SHORTAGES IN RURAL AND OTHER AREAS**

**PURPOSE**

Sec. 401. It is the purpose of this title, through grants and loans supplementing other titles of this Act, to expedite the provision of physicians, dentists, nurses, hospitals, clinics, and other requisites of adequate medical service, for the people in areas which are especially short of such personnel and facilities.

**MEASURES AUTHORIZED**

Sec. 402. (a) In the case of any area in any State (especially a rural area) which is determined to be an area in which shortages of personnel and facilities needed to provide personal health services under title VII would operate to make unavailable or to restrict disproportionately the availability of such services, the following measures may be taken in order to assist in relieving such shortages:

(1) Grants and loans to persons (as defined in section 781 (1) agreeing to furnish personal-health services, or to assist in the provision of such services, as benefits in shortage areas, as follows:

(A) grants in the form of guarantees of minimum gross or net incomes, or of payments to meet operating expenses or any part thereof (exclusive of acquisition costs of durable equipment), to qualified professional, technical, and administrative health personnel to encourage their location or continuation in shortage areas; and grants for the costs of transportation of such personnel, their families, household goods, or the costs of similar or related items necessary for such location;

(B) grants, to aid in maintenance and operation, to local facilities for group practice, health centers, clinics, and hospitals;

(C) loans, for the cost of facilities (including construction and durable equipment), to qualified professional and technical health personnel, including organized groups of such qualified individuals, to encourage their location or continuation in shortage areas; such loans to bear interest at the rate of 2 per centum per annum, and to be repayable to the United States within ten years;

(D) grants, and loans repayable to the United States without interest within ten years, for the cost of construction and equipment of health centers or clinics for diagnostic, preventive, or curative services, or of facilities for group practice, in order to encourage the establishment, modernization, or expansion of such centers, clinics or facilities in shortage areas, such grants or loans to be made to public or private organizations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual, and which have not already received a construction grant under title VI of the Public Health Service Act;

(E) loans, repayable to the United States without interest within ten years, for the construction of health centers, clinics, and hospitals qualified to receive grants under title VI of the Public Health Service Act, as amended, except for inability to meet the financial assurances required under section 623 (a) of such Act: Provided, That the amount of any
such loan shall not exceed the amount found by the National Health Insurance Board, with the advice of the Surgeon General, to be reasonably necessary for the construction of the facility, taking into account grants which may be made under title VI of the Public Health Service Act; Provided further, That loans for the full amount of the estimated cost of the facility may be made with the approval of the Surgeon General and the State agency designated pursuant to section 623 (a) of the Public Health Service Act, if all of the State's allotment has previously been committed through tentative approval of initial applications for other projects;

(2) Provision for mobile clinics, and for such ambulance service as is necessary to the effective utilization of hospital service in the area; and

(3) Provision for such special activities as may be appropriate in the particular area to acquaint eligible individuals in that area with the benefits available under title VII and the manner in which they may be obtained.

(b) Determinations that areas within a State are, or have ceased to be, shortage areas shall be made from time to time, with the approval of the National Health Insurance Board, by the State agency designated by the State plan approved under section 742 or, in the absence of such an approved plan for the State, by such Board after consultation with the health authority of the State, and such determinations, after the first surveys of personnel resources, facilities, and needs have been made pursuant to section 702 (a), shall take into account the results of such surveys.

RELATIONSHIP TO HOSPITAL CONSTRUCTION PROVISIONS

SEC. 403. (a) In establishing policies governing the making of grants and loans under subparagraph (1) (D) of section 402 (a) the National Health Insurance Board shall take into consideration the State construction programs and the policies and requirements (including the applicable limitation on the amount of Federal grants) contained in or established under title VI of the Public Health Service Act.

(b) If any person to whom a loan for the full amount of the cost of construction of a facility has been made under subparagraph (D) of section 402 (a) subsequently applies under title VI of the Public Health Service Act for Federal aid in the construction of such facility, such application may be approved notwithstanding that it was filled after completion of construction of such facility, if it is otherwise in compliance with the requirements of section 625 of the Public Health Service Act. In any such case certification by the State agency of completion of the project in accordance with approved plans and specifications shall operate to reduce, by the amount of the Federal share, the sum which such person is obligated to repay to the United States on account of such loan and, if the amount of the Federal share exceeds the amount due on such loan, the balance of the Federal share shall be paid to such person.

ADMINISTRATION OF GRANTS FOR PROFESSIONAL EDUCATION

SEC. 404. In administering grants under the Public Health Service Act or title VI or VII of this Act for professional, technical, and administrative education and training, special consideration shall be given to the need for training or retraining of personnel who will practice, or are practicing, in shortage areas.

APPROPRIATIONS AUTHORIZED

SEC. 405. To carry out the purposes of this part and to assist in making the preparations necessary for making benefits available under title VII, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the three succeeding fiscal years, the sum of $35,000,000; and for each fiscal year thereafter such sum as may be necessary to carry out the purposes of this part.

PAYMENTS

SEC. 406. Grants or loans, under this title, in such amounts and for payment at such times as are approved by the National Health Insurance Board, shall be certified for payment to the Secretary of the Treasury, who shall pay them to the agency, institution, or individual designated by the Board to receive them.
ADMINISTRATION

Sec. 407. (a) Until the approval of a State plan under section 742, the National Health Insurance Board may carry out its functions under this part either directly or by making such working agreements as it may find feasible with any executive department or other agency of the United States, or of the State, or of any political subdivision thereof, and, for the purpose of effectuating such working agreements, the Board may authorize appropriate transfers of funds and may delegate any of its powers and duties under this part except the making of regulations: Provided, That no commitment of aid under section 402 may be made in any State after approval of such State's plan under section 742 except through the State agency administering such plan.

(b) The National Health Insurance Board is authorized to make such regulations, after consultation with the National Advisory Medical Policy Council, as may be necessary to promote and facilitate the accomplishment of the objectives of this part, and it shall include in its annual reports to the Congress a full and detailed account of operations under this part and recommendations concerning such further legislative measures as it considers desirable to assure to people in shortage areas equitable opportunities to obtain the personal health service benefits available under title VII.

PART B—ASSISTANCE TO FARMERS' EXPERIMENTAL HEALTH COOPERATIVES

PURPOSES AND AUTHORIZATION OF APPROPRIATIONS

Sec. 421. The purpose of this part is to assist farmers' cooperatives in selected rural areas to initiate and carry out experimental plans for providing comprehensive medical care for their members, as a means of demonstrating the practicality and effectiveness of such plans. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, the sum of $10,000,000, and for each of the four succeeding fiscal years the sum of $15,000,000, for carrying out such purpose through enabling the Surgeon General—

(a) to survey the practicality of the provision of medical care through farmers' cooperatives in selected rural areas and to make grants-in-aid to public and other nonprofit agencies and any other persons for such surveys and to render technical assistance in the organization and operation of such cooperatives;

(b) to make grants, as provided in this part, to such cooperatives to assist them in meeting the cost of providing comprehensive medical care, including the cost of providing facilities therefor.

COOPERATIVES ELIGIBLE

Sec. 422. Grants for the purposes specified in section 421 (b) shall be made to only such cooperatives as provide medical care in areas which surveys conducted pursuant to this part indicate such cooperatives may be practical. Such grants may be made to any cooperative—

(a) if substantially all of its members are residents of a rural area and not less than two-thirds of its members are farmers or agricultural workers or members of their families, except that the cooperative may also provide care for needy and other persons within the area served for whom the appropriate governmental units or other organizations have assumed responsibility;

(b) if regular payments from its members are required for purposes of financing the cost of providing the medical care and the maintenance and operation of the cooperative and are graduated in relation to income or income groups; and

(c) if it is authorized to furnish or arrange with qualified individuals and organizations to furnish medical care for its members and to take such other action as may be necessary to carry out the purposes of the cooperative under this part.

CONDITIONS FOR GRANTS

Sec. 423. To be eligible for a grant for any of the purposes specified in section 421, a cooperative must submit an application to the Surgeon General containing such information and assurances as he deems necessary to carry out the purposes
of this part, including assurances that the cooperative will expend the funds paid to it under this part solely for the purposes for which they were paid and that it will make such reports, in such form and containing such information, as the Surgeon General may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports.

PAYMENT OF GRANTS

SEC. 424. (a) For each fiscal year the Surgeon General shall determine the total sum from the appropriation pursuant to section 421 which shall be available for grants for the purposes specified in paragraph (a) and for the purposes specified in paragraph (b) of such section. He shall from time to time determine the amounts to be paid from such sums under this part and shall certify such amounts to the Secretary of the Treasury together with the time or times of payment. The Secretary of the Treasury shall pay in accordance with such certifications and prior to audit or settlement by the General Accounting Office.

(b) No grant from funds appropriated pursuant to paragraph (b) of section 421 may exceed 50 per centum of the cost of providing medical care during the first or second year for which such a grant is made, or 33 1/3 per centum of such cost during the third such year. In computing such cost, not more than 20 per centum thereof may be attributable to the cost of acquisition or construction of facilities, land or equipment. No grant may be made under such paragraph for a second or third year to any cooperative for more than three years and no such grant may be made for a third year to any cooperative which provides medical care for less than five thousand individuals.

(c) The number of cooperatives receiving grants for the purposes specified in paragraph (b) of section 421 during any fiscal year may not exceed fifty nor may more than two cooperatives in any State receive such grants during any fiscal year.

ADMINISTRATION

SEC. 425. The Surgeon General shall carry out his functions under this part under the supervision and direction of the Federal Security Administrator. He shall, with the approval of the Federal Security Administrator and after consultation with the Secretary of Agriculture, prescribe such regulations as he deems necessary to carry out the purposes of this part. In carrying out his functions under this part, the Surgeon General is authorized, pursuant to agreement between the Federal Security Administrator and the head of any Federal agency, to utilize the services and facilities of such agency and to pay therefor either in advance or by way of reimbursement, as may be provided in such agreement.

WITHHOLDING

SEC. 426. Whenever the Surgeon General, after reasonable notice and opportunity to a cooperative receiving payments for the purposes specified in section 421 (b), finds that there is a failure to carry out any assurances required to be given in connection with such payments or a failure to comply with regulations under this part or with any other requirements of this part, he shall notify such cooperative that further payments will not be made to it for such purposes until he is satisfied that there no longer will be any such failure. Until he is so satisfied, he shall make no further certification to the Secretary of the Treasury for payment to such cooperative for such purposes.

DEFINITIONS

SEC. 427. For the purposes of this part—
(a) the term "medical care" means physicians' services, hospitalization, and laboratory and X-ray services, and may include dental care and such other related services as the cooperative desires;
(b) the term "State" includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands;
(c) the term "rural area" means any area which is not, does not contain, and is not adjacent to any city or town having a population of ten thousand or more.
TITLE V—GRANTS TO STATES FOR STATE AND LOCAL HEALTH WORK

PURPOSE

SEC. 501. It shall be the national policy to assist the several States for the purpose of developing, extending, and improving—

(a) basic State and local public health organizations and the basic services provided thereby, in order that such services, together with all other services provided through such organizations, may be readily available in communities throughout each State;

(b) health services to the extent not otherwise available under title VII for the prevention, treatment, and control of disease, including services for the prevention, treatment, and control of mental illness, tuberculosis, venereal disease, cancer, heart disease, other chronic diseases, disorders associated with aging, dental disorders, nutritional-deficiency diseases, occupational and other diseases constituting special health problems, and services for the improvement of sanitation and other environmental factors affecting health;

(c) the training of personnel for State and local health work and methods for extending health services throughout each State.

GRANTS AND SERVICES TO STATES FOR PUBLIC HEALTH WORK

SEC. 502. (a) Section 315 of the Public Health Service Act is hereby repealed.

(b) Effective July 1, 1949, part B of title III of the Public Health Service Act is amended by repealing section 314 and inserting immediately following section 313 the act following new sections:

“APPROPRIATIONS FOR GRANTS AND SERVICES TO STATE

"SEC. 314. (a) There is hereby authorized to be appropriated for each fiscal year such amount as may be necessary for the purpose of—

(1) enabling the Surgeon General to assist the States and their political subdivisions, through grants, to develop and maintain adequate public health services, including establishment of local public health units necessary to make such services available throughout each State and including the training of personnel for State and local health work, and to provide adequate measures (not otherwise provided under title VII of the National Health Insurance and Public Health Act) for the prevention, treatment, and control of disease; and

(2) enabling the Surgeon General to provide demonstrations and to train personnel for State and local health work and to meet the cost of pay, allowances, and traveling expenses of commissioned personnel and other personnel of the Service detailed to assist States and their political subdivisions in carrying out the purposes of this subsection.

(b) The amounts appropriated pursuant to subsection (a) of this section and determined to be available for allotment to States under section 315 shall be used for making payments to States which have submitted through the State health authority and have had approved by the Surgeon General plans for carrying out the purposes of subsection (a).

"ALLOTMENT TO STATES

"SEC. 315. From the amounts appropriated pursuant to section 314 for each fiscal year, the Surgeon General, with the approval of the Administrator, shall determine the total sum which shall be available for allotment among the several States and shall, from time to time, in accordance with regulations and for specified periods, make allotments from such sum (including amounts allotted from such sum for any prior period in the same fiscal year and unpaid to the States) to the several States on the basis of (1) population, (2) per capita income as determined pursuant to subsection (d) of section 317, and (3) special factors relevant to the extent of the health problem in each such State. Upon making such allotments the Surgeon General shall notify the Secretary of the Treasury of the amounts thereof.

"APPROVAL OF STATE PLANS

"SEC. 316. (a) For any fiscal year the Surgeon General may by regulation prescribe, subject to any limitations specified in the appropriation made pursuant to section 314, the percentages of the allotments to the several States which may
be withheld unless the State plan includes provisions (in addition to those required for the maintenance of the basic State health organizations and services) which meet the requirements of regulations, prescribed by the Surgeon General in order to effectuate the purposes of section 314 (a) for any of the following:

1. the establishment, development, and maintenance of local public-health units and basic local health services;
2. the prevention, treatment, and control of tuberculosis;
3. the prevention, treatment, and control of venereal disease;
4. the prevention, treatment, and control of cancer;
5. the prevention, treatment, and control of mental illness;
6. the prevention, treatment, and control of heart disease;
7. the prevention, treatment, and control of other chronic diseases and disorders associated with aging;
8. the prevention, treatment, and control of any other disease, or category of disease;
9. the improvement of sanitation and other environmental factors affecting health;
10. the extension of activities, or types of activity, in specific fields designated by the Surgeon General which have not generally been adequately developed as a part of public health services.

The percentages so reserved on account of the above items may be varied, in accordance with regulations, on the basis of the extent of the problem in the several States.

"(b) No State plan shall be approved unless it (1) provides such methods relating to the establishment and maintenance of personnel standards on a merit basis as the Surgeon General finds necessary to assure the proper and efficient administration of the plan (except that the Surgeon General shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods), (2) provides that the State health authority will make such reports, in such form and containing such information, as the Surgeon General may from time to time require, and comply with such provisions as the Surgeon General may from time to time find necessary to assure the correctness and verification of such reports, and (3) provides that determination as to individuals to be furnished services under the plan shall be made without regard to economic status and on bases which do not discriminate between individuals on account of race, creed, color, or national origin, and which do not otherwise deny to any of them the equal protection of the laws.

"PAYMENTS TO STATES"

"SEC. 317. (a) From the allotments available therefor under section 315 the Surgeon General shall from time to time certify to the Secretary of the Treasury for payment to each State which has an approved plan an amount, computed as provided in subsection (b) of this section, equal to the Federal share of the total expenditures under such plan by the State and its political subdivisions during the period for which such payment is to be made, except that in no case may the total amount certified for a fiscal year for a State exceed the amount of its allotment less any portion thereof withheld pursuant to subsection (a) of section 316. No expenditure from grants received from the Federal Government under any provision of law (other than pursuant to this section) and no expenditures made by political subdivisions from funds which have been received by it from the State and which have been reported as expenditures by that State shall be counted as a part of the total expenditures under the plan. The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay to each State the amount certified by the Surgeon General.

"(b) The Surgeon General shall, from time to time, but not less often than semiannually, and prior to the period for which a payment is to be made under subsection (a) estimate the amount, within the balance of the allotment for each State, which may be necessary to pay the Federal share of the total expenditures for carrying out the approved State plan for such period. The Surgeon General shall certify to the Secretary of the Treasury the amount so determined, reduced or increased, as the case may be, by the amount by which he finds that his estimate for any prior period was greater or less than the amount which should have been paid to the State for such period.

"(c) For the purposes of this section the 'Federal share' for any State shall be 100 per centum less the State percentage, and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the per capita income
of such State bears to the per capita income of the continental United States, except that (1) the Federal share shall in no case be more than 75 per centum or less than 40 per centum, and (2) the Federal share for Alaska and Hawaii shall be 50 per centum and for Puerto Rico and the Virgin Islands shall be 75 per centum.

“(d) The 'Federal share' for each State shall be promulgated by the Administrator between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States (excluding Alaska) for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: Provided, That the Administrator shall make such promulgation as soon as possible after the enactment of this Act to be effective until July 1, 1951.

"OPERATION OF STATE PLANS"

"Sec. 318. Whenever the Surgeon General, after reasonable notice and opportunity for hearing to the State health authority, finds that there is a failure to comply substantially with—
   (1) the provisions of section 316 of this Act;
   (2) the approved State plan; or
   (3) the regulations of the Surgeon General;
the Surgeon General shall notify the State health authority that further payments will not be made to the State from appropriations under section 314 (or, in his discretion, that further payments will not be made to the State from such appropriations for activities in which there is such failure) until he is satisfied that there will no longer be any such failure. Until he is so satisfied, the Surgeon General shall make no further certification for payment to such State, or shall limit payment to activities in which there is no such failure.

"REGULATION"

"Sec. 319. All regulations and amendments thereto with respect to grants to States under this part shall be made after consultation with a conference of the State health authorities (including the State mental health authorities). Insofar as practicable, the Surgeon General shall obtain the agreement, prior to the issuance of any such regulations or amendments, of the State health authorities (including the State mental authorities)."

"USE OF EXISTING APPROPRIATIONS"

Sec. 503. Any amounts appropriated for the fiscal year ending June 30, 1950, for any of the purposes included in section 314 of the Public Health Service Act, as amended by this Act, shall be available for carrying out such purposes in accordance with the provisions of such section as so amended: Provided, That the Surgeon General may designate the extent to which regulations promulgated pursuant to section 314 of the Public Health Service Act, prior to its amendment by this Act, shall govern allotments and payments to States for such fiscal year.

"VITAL STATISTICS"

Sec. 504. Section 313 of the Public Health Service Act is hereby amended to read as follows:

"PUBLIC EDUCATION, INFORMATION, AND VITAL STATISTICS"

"Sec. 313. (a) From time to time the Surgeon General shall issue information related to public health, in the form of publications or otherwise, for the use of the public, and shall publish weekly reports of health conditions in the United States and other countries and other pertinent health information for the use of persons and institutions engaged in work related to the functions of the service.

"(b) To secure uniformity in the registration of mortality, morbidity, and other vital statistics, the Surgeon General shall prepare and distribute suitable and necessary forms for the collection and compilation of such statistics which shall be published as a part of the health reports published by the Surgeon General."
TITLE VI—RESEARCH IN CHILD LIFE AND GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN’S SERVICES

PART A—RESEARCH IN CHILD LIFE

AUTHORIZATION OF APPROPRIATION

Sec. 601. In order to carry out more effectively the purposes of investigating and reporting upon all matters pertaining to the welfare of children and child life as provided for in the Act of April 9, 1912 (37 Stat. 79), there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, the sum of $10,000,000, and for each fiscal year thereafter such sums as may be necessary to enable the Federal Security Administrator (hereafter in this title called the “Administrator”), through the Children’s Bureau, to conduct and foster research in child life as provided in such Act of April 9, 1912, and in consultation with the National Advisory Council on Research in Child Life (hereafter in this title called the “Advisory Council”), to—

(a) (1) make grants-in-aid to universities, child research institutes, and other public or nonprofit agencies and institutions, and to individuals, for research projects relating to the development of children and community aspects of child life (hereafter in this title referred to as child life and development) after consultation with the Advisory Council, including grants for the construction, acquisition, leasing, equipment, and maintenance of facilities and services necessary for such research; and (2) establish and maintain research fellowships in child life and development in universities, research centers and other public or nonprofit agencies and institutions and in the Children’s Bureau with such stipends and allowances (including travel and subsistence expenses) as he may deem necessary to train research workers and procure the assistance of the most able and promising research fellows from the United States and abroad, and, in addition, provide for such fellowships through grants, after consultation with the Advisory Council, to public and other nonprofit institutions;

(b) extend and improve training and instruction in child life and development through grants to universities, child research centers, and other public or nonprofit agencies and institutions, and establish and maintain traineeships in child life and development in the Children’s Bureau or through grants to such agencies and institutions, with such stipends (including travel and subsistence expenses) for trainees as he may deem necessary;

(c) adopt, after consultation with the Advisory Council, such additional means or measures as he deems necessary or appropriate to carry out the purposes of this title.

CONTRACTUAL AUTHORITY

Sec. 602. A grant for any research or training project made in any fiscal year under section 601 may include amounts for not to exceed the four succeeding fiscal years and such amounts for such succeeding fiscal years (which may not for all such projects exceed a total of $16,000,000 for any such year) shall constitute contractual obligations of the Federal Government.

NATIONAL ADVISORY COUNCIL ON RESEARCH IN CHILD LIFE

Sec. 603. There is hereby established a National Advisory Council on Research in Child Life to advise and make recommendations to the Administrator and the Children’s Bureau on grants for research and training provided for in section 601. The Advisory Council shall consist of the Chief of the Children’s Bureau, the Surgeon General of the Public Health Service, the Commissioner of Education, or such persons as they may designate, ex officio, and twelve members appointed without regard to the civil-service laws by the Administrator. The twelve appointed members shall be selected from among leaders in the fields of the social and biological sciences, education, and public affairs, including persons generally representative of the public, and six of the twelve shall be selected from leading scientific authorities who are outstanding in the study of child life and development. One-third of the members first appointed shall serve for terms of one year, one-third for two years, and one-third for three years, as designated by the Administrator at the time of appointment, and at the expiration of such terms their successors shall be appointed for terms of three years. The Advisory Council shall annually elect one of its members as chairman.
COORDINATION OF ACTIVITIES

SEC. 604. Research activities and investigations provided for in this part shall be coordinated with related activities planned or undertaken by other units of the Federal Security Agency and by other Government agencies.

EXISTING AUTHORITIES PRESERVED

SEC. 605. This part shall not be construed as superseding, curtailing, or limiting (1) the authorities or functions under any other provision of this Act, or under any other Act, of the Administrator, the Children's Bureau, or any other officer or agency of the United States, relating to the study of child life and development; or (2) the expenditure of money therefor.

PART B—GRANTS TO STATES

PURPOSES

SEC. 611. Moneys appropriated under this part shall be available for the purposes of—

(a) enabling each State to extend and improve, as far as practicable under the conditions in such State, especially in rural areas, the following services and facilities (including training of persons to furnish such services), to the extent that such services and facilities are not otherwise available under this Act or the amendment made by this Act:

(1) services and facilities for promoting the physical and mental health of mothers during maternity, of infants, and of children under 18 years of age, including medical, dental, hospital, and related services and facilities, and particularly the correction of defects and health conditions in children of pre-school and school age likely to interfere with their normal development and educational progress;

(2) services and facilities for locating crippled or otherwise physically handicapped children under twenty-one years of age or children under such age who are suffering from conditions which lead to crippling or physical handicap, and for providing medical, surgical, corrective, dental, and other services and care, including diagnosis, treatment, hospitalization, after care, appliances, and whatever health services and facilities are needed for such children;

(b) enabling the Federal Security Administrator (1) to promote and develop more effective measures for carrying out the purposes of this title, either directly or through grants, through (A) demonstrations, (B) studies of the effectiveness of the administration and the operation of the programs, and (C) training for the administration and the provision of maternal and child health and crippled children's services to be furnished under this title, including stipends, and travel and subsistence expenses for trainees; (2) to pay salaries and expenses of personnel detailed by the Federal Security Administrator at the request of State agencies or training institutions to cooperate on a temporary basis with and assist such agencies or institutions in carrying out the purposes of this title; (3) to cooperate with States in reviewing and planning for the needs of children; and (4) to meet all necessary expenses of the Federal Security Agency in administering the provisions of this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 612. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1950, the sums of $25,000,000 for maternal and child health services pursuant to the purposes of subsection (a) (1) and subsection (b) of section 611, and $25,000,000 for crippled children's services pursuant to the purposes of subsection (a) (2) and subsection (b) of section 611, and for each fiscal year thereafter a sum sufficient to carry out the purposes of subsections (a) and (b). Not more than 10 per centum of the amounts so appropriated shall be available for the purposes of subsection (b) of section 611.

(b) The sums authorized pursuant to subsection (a) and determined to be available for allotment to the States under section 613 shall be used for making payments to States which have submitted to and had approved by the Administrator plans for developing programs for maternal and child health or crippled children's services.
ALLOTMENTS TO STATES

SEC. 613. (a) Out of the sums appropriated pursuant to section 612 (a) for each fiscal year, the Administrator shall determine the sums which shall be available for allotment among the several States for the purposes set forth in clauses (1) and (2), respectively, of section 611 (a), and the sums which shall be available for the purposes set forth under section 611 (b).

(b) The Administrator shall from time to time make allotments from such sums determined to be available for the purposes set forth in section 611 (a) (including amounts allotted therefrom for any prior period in the same fiscal year and unpaid to the States) to the several States on the basis of (1) the number of children in each State according to the most recent census estimates, (2) per capita income as determined pursuant to section 615, and (3) special factors relevant to the extent of the particular child-health problem or problems in the respective States. Upon making such allotments, the Administrator shall notify the Secretary of the Treasury and each State of the amounts thereof.

APPROVAL OF STATE PLANS

SEC. 614. (a) Each State plan for maternal and child health services and for crippled children's services must (1) provide for substantial financial participation by the State; (2) provide for administration or supervision of the administration of the maternal and child health plan by the State health agency; and for administration or supervision of the administration of the crippled children's plan by a single State agency, which, not later than the end of the fiscal year after the date of enactment of this Act, shall be the same State health agency which administers or supervises the administration of the maternal and child health services provided for under this title; (3) provide such methods of administration as are necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of (A) personnel standards on a merit basis, except that the Administrator shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods, and (B) State standards for care and services to be furnished to individuals under the plan, including standards for professional personnel rendering medical, dental, social, nursing, and related types of care or services, and standards for care and services in hospitals and other institutional care and services; (4) provide that the State agency will make such reports, in such form and containing such information, as the Administrator may find necessary, and comply with such provisions as the Administrator may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes of section 611 (a) (1) or (2), as the case may be, and for the progressive development of State-wide programs for maternal and child health and crippled children's services with emphasis at the beginning on areas of greater need and for extension and improvement of services each year at a rate consistent with availability of personnel and facilities meeting standards established under the State plans; (6) provide that determinations as to the children to be furnished services under the plan shall be made without regard to economic status and on bases which do not discriminate between children on account of race, creed, color, or national origin, and which do not otherwise deny to any of them the equal protection of the laws; (7) provide for safeguards which restrict the use or disclosure of information concerning persons receiving service or care to purposes directly related with the operation of the State plan; (8) provide for cooperation with other appropriate agencies and organizations in the health, welfare, education, and related fields, including, where necessary, entering into working agreements with other public agencies administering or providing services related to those furnished under the plan; (9) provide for study and evaluation of the effectiveness of the programs in meeting the needs of mothers and children throughout the States; and (10) provide for the designation of an advisory council or councils and for technical advisory committees, as may be necessary for carrying out the purposes of this title, to consult with the State agency in carrying out the plan, such councils and committees to be composed of representatives of public and private agencies or organizations administering related programs, of persons chosen from the professions whose members furnish services under the plan, and, in the case of the councils, of representatives of the public selected from persons who are informed on the need for services provided under the plan.
(b) The Administrator shall approve any plan or plans which fulfill the conditions specified in subsection (a) of this section and shall thereupon notify the State agency or agencies of his approval.

PAYMENTS TO STATES

Sec. 615. (a) From the allotments available therefor under section 613, the Secretary of the Treasury shall from time to time pay to each State which has an approved plan or plans for carrying out the purposes set forth in section 611 (a) (1) or (2), as the case may be, amounts, computed as provided in subsection (b) of this section, equal to the Federal share of the total sums expended by the State or its political subdivisions under the State plans during the period for which such payment is made. No expenditure from grants received from the Federal Government under any provision of law (other than pursuant to this section) and no expenditures made by political subdivisions from funds which have been received by it from the State and which have been reported as expenditures by the State shall be counted as a part of the total expenditures under the plan. The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay to each State the amount certified by the Administrator.

(b) The Administrator shall, from time to time, but not less often than semiannually and prior to the period for which a payment is to be made under subsection (a), estimate the amount, within the balance of the allotments for each State, which may be necessary to pay the Federal share of the total expenditures for carrying out the approved State plan or plans for such period. The Administrator shall certify to the Secretary of the Treasury the amount so determined, reduced, or increased, as the case may be, by the amount by which he finds that his estimate for any prior period was greater or less than the amount which should have been paid to the State for such period.

(c) For the purposes of this section, the "Federal share" for any State shall be 100 per centum less the State percentage, and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States, except that (1) the Federal share shall in no case be more than 75 per centum or less than 40 per centum, and (2) the Federal share for Alaska and Hawaii shall be 50 per centum and for Puerto Rico and the Virgin Islands shall be 75 per centum.

(d) The "Federal share" for each State shall be promulgated by the Administrator between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States (excluding Alaska) for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: Provided, That the Administrator shall make such promulgation as soon as possible after the enactment of this Act to be effective until July 1, 1951.

OPERATION OF STATE PLANS

Sec. 616. Whenever the Administrator, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of a State plan, finds that, with respect to any plan for carrying out the purposes of clause (1) or (2) of section 611 (a), as the case may be, there is a failure to comply substantially with the provisions required by section 614 to be included in such plan or that the State plan has been so changed that it no longer complies with such provisions, he shall notify such State agency that further payments will not be made to the State from appropriations available for the purposes of such clause, or in his discretion that further payments will not be made to the State from such appropriations for activities in which there is such failure, until he is satisfied that there will no longer be any such failure. Until he is so satisfied, the Administrator shall make no further certification for payment to such State from appropriations available for the purposes of such clause, or shall limit payment to activities in which there is no such failure.

ADMINISTRATION

Sec. 617. The Administrator shall perform the functions with which he is charged under this part through the Children's Bureau and such other units
of the Federal Security Agency as he may determine, and he may delegate such functions to officers and employees of the Agency.

PART C—MISCELLANEOUS

REGULATIONS

Sec. 621. The Administrator shall prescribe such regulations as may be necessary to carry out his functions under this title. Regulations and amendments thereto with respect to State plans under this title, and grants on the basis hereof, shall be made after consultation with representatives of the State agencies administering or supervising the administration of any of the plans concerned. Insofar as practicable, the agreement of such representatives to the regulations or amendments shall be obtained prior to their issuance.

ADVISORY COMMITTEES

Sec. 622. The Administrator is authorized to appoint such special advisory and technical committees as may be useful in carrying out his functions under this title or the functions of the Advisory Council established by section 608, and members of the Advisory Council and of such advisory and technical committees, other than ex officio members, while attending conferences or meetings of the Council or their committees or while otherwise serving at the request of the Administrator shall be entitled to receive compensation at a rate to be fixed by the Administrator, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary travel and subsistence expenses while so serving away from their places of residence.

ANNUAL REPORT

Sec. 623. The Administrator shall include in his annual report to the Congress a full account of the administration of this title including a record of consultations with the Advisory Council and advisory or technical committees and with conferences of representatives of State agencies administering or supervising the administration of plans approved under part B of this title.

DEFINITION OF STATE

Sec. 624. For purposes of this title the term "State" means a State, or the District of Columbia, Hawaii, Alaska, Puerto Rico, or the Virgin Islands.

EXISTING LAWS AND APPROPRIATIONS

Sec. 625. (a) No payment shall be made to a State under part 1 or 2 or title V of the Social Security Act for any period for which payments are made to such State for the purposes of clauses (1) and (2), respectively, of section 602 (a) or for any period thereafter. In no event may any payment be made to a State under part 1 or 2 of Title V of such Act for any period after June 30, 1951.

(b) In the case of a State which has a plan approved under part B of this title, adjustments, which have not previously been made with respect to overpayments or underpayments under part 1 or 2 of title V of the Social Security Act, shall be made in connection with payments to such State under part B of this title.

(c) Appropriations to carry out the purposes of part 1 or 2 of title V of the Social Security Act for the fiscal year ending June 30, 1950, shall also be available for payments for such fiscal year for the purposes of clauses (1) and (2), respectively, of section 611 (a) of this Act.

TITLE VII—PREPAID PERSONAL HEALTH INSURANCE BENEFITS

PART A—FINDINGS AND DECLARATIONS

Sec. 700. The Congress hereby declares that it is the policy of the United States to take such steps and to utilize such of its resources as are necessary toward making adequate health services available to all our people regardless of residence, race, creed, color or economic status.
PART B—BENEFITS AND ELIGIBILITY

CLASSES OF PERSONAL HEALTH SERVICES

Sec. 701. (a) The personal health services to be made available as benefits to eligible individuals as provided in this part are medical services, dental services, home-nursing services, hospital services, and auxiliary services. Each class of services shall be provided by persons (including individuals, partnerships, corporations, associations, consumer cooperatives, and other organizations) who are authorized by applicable State law, and who are qualified under part C of this title, to do so.

(b) Medical services consist of (1) general medical services such as can be rendered by a physician engaged in the general or family practice of medicine, including preventive, diagnostic, and therapeutic care and periodic medical examinations; and (2) specialist services rendered by a physician who is a specialist in the class of services rendered, as defined in section 711 of this Act. Such services may be rendered at the office, home, hospital, or elsewhere, as necessary.

(c) Dental services consist of (1) general dental services rendered by a dentist engaged in the general practice of dentistry, including preventive, diagnostic, and therapeutic care, and periodic dental examinations; and (2) specialist services rendered by a dentist who is a specialist in the class of services rendered, as defined in section 711 of this Act. Such services may be rendered at the office, home, hospital, or elsewhere, as necessary.

(d) Home-nursing services consist of nursing care of the sick rendered in the home by a registered professional nurse or a qualified practical nurse.

(e) Hospital services consist of hospitalization, including necessary nursing services, and such physician, laboratory, ambulance, and other services in connection with hospitalization as the National Health Insurance Board (hereinafter referred to as the “Board”), after consultation with the National Advisory Medical Policy Council (hereinafter referred to as the “Advisory Council”), by regulation designates as essential to good hospital care, for a maximum of sixty days in any benefit year; but hospital services shall not include hospitalization in a mental or nervous disease or tuberculosis hospital or institution, or hospitalization for any day more than thirty days following the diagnosis of tuberculosis or a psychosis. Whenever the Board, after consultation with the Advisory Council, finds that moneys in the account (established by section 771) are adequate and that facilities are available, it may by regulation increase the maximum days of hospitalization in any benefit year.

(f) Auxiliary services consist of such chemical, bacteriological, pathological, diagnostic X-ray and related laboratory services; X-ray, radium, and related therapy; physiotherapy; services of optometrists and chiropodists; and prescribed drugs which are unusually expensive, special appliances, and eyeglasses; as the Board, after consultation with the Advisory Council, by regulation designates as auxiliary services on the basis of its finding that their provision under this title is practicable and is essential to good health care.

AVAILABILITY OF BENEFITS

Sec. 702. (a) Medical services, hospital services, and, except as otherwise provided in subsection (b) of this section, all other personal health services specified in section 701 shall be made available as benefits to eligible individuals in all health-service areas within the United States as rapidly and as completely as possible having regard for the availability of the professional and technical personnel and the hospital and other facilities needed to provide such services. To this end the resources and needs of each State shall be surveyed and a program developed in each State to assure the maximum participation and use of health personnel and facilities in the provision of benefits, and to encourage improvement in the number and distribution of such personnel and facilities throughout the State. Additional surveys shall be undertaken as required, and the program in the State from time to time modified on the basis thereof.

(b) If the Board, after consultation with the Advisory Council, finds that the personnel or facilities or funds that are or can be made available are inadequate to insure the provision of all services included as dental, home-nursing, or auxiliary services under section 701 of this title, it may by regulation limit for a specified period the services which may be provided as benefits, or modify the extent to which, or the circumstances under which, they will be provided to
eligible individuals. Any such restriction or limitation shall be reduced or withdrawn as rapidly as may be practicable; and, in the case of dental services, priority in the reduction or withdrawal of any such restriction or limitation shall be given to children.

(c) The Board shall have the duty of studying and making recommendations as to needed services and facilities for the care of the chronic sick afflicted with physical ailments, and for the care of individuals afflicted with mental or nervous diseases, and as to needed provisions for the prevention of chronic physical diseases and of mental or nervous diseases; and of making reports from time to time, with recommendations as to legislation, but the first such report shall be made not later than two years after benefits under this title first become available.

HOW BENEFITS OBTAINED; FREE CHOICE BY PATIENT

Sec. 703. Every individual eligible for personal health services available under this title may freely select the physician, dentist, nurse, medical group, hospital, or other person of his choice to render such services, and may change such selection; Provided, That the practitioner, medical group, hospital, or other person has agreed under part B to furnish the class of services required and consents to furnish such services to the individual. General medical and general dental services may be obtained by request made by the individual directly to the practitioner of the individual's choice. Specialist, home-nursing, hospital, and auxiliary services shall be obtained from the specialist, nurse, hospital, or other person of the individual's choice, whenever the practitioner from whom he is receiving medical or dental services as benefits under this title refers him for specialist, home-nursing, hospital, or auxiliary services upon determining that such services are required in the proper care of his particular case; or whenever, upon request of the individual, an administrative medical officer, upon a like determination, refers him for such services. The Board, by regulation, shall dispense with the necessity of referral in cases of emergency, and may dispense with the necessity of referral under specified circumstances or as respects specified classes of services, or both. If it finds, after consultation with the Advisory Council, that such action will be conducive to the provision of more adequate amount and quality of health care and will not unreasonably increase the expenditures from the account for such services.

ELIGIBILITY FOR BENEFITS

Sec. 704. (a) Every individual shall be eligible for benefits under this title throughout any benefit year if—

(1) he has received (or, in the case of income from self-employment, has accrued)—

(A) not less than $150 in wages during the first four of the last six calendar quarters preceding the beginning of the benefit year; or

(B) not less than $50 in wages in each of six calendar quarters during the first twelve of the last fourteen calendar quarters preceding the beginning of the benefit year (not counting as one of such fourteen calendar quarters any quarter in any part of which the individual was under a total disability which continued for six months or more); or

(2) he is entitled, for the first month in the benefit year, to a benefit under title II of the Social Security Act, as amended, or to an annuity under the Civil Service Retirement Act, as amended (5 U. S. C., ch. 14); or

(3) he is on the first day of the benefit year a dependent of an individual who is eligible under paragraph (1) or paragraph (2).

(b) Every individual, not eligible therefore under subsection (a), shall be eligible for benefits under this title during the remainder of a benefit year, beginning with—

(1) the first day of any calendar quarter in such benefit year, if he has received (or, in the case of income from self-employment, has accrued) not less than $150 in wages during the first four of the last six calendar quarters preceding the beginning of such calendar quarter;

(2) the first day of the first month in such benefit year for which he is entitled to a benefit or annuity referred to in subsection (a) (2); or

(3) the first day in such benefit year on which he is or becomes a dependent of an individual who is eligible for benefits under subsection (a) (1) or (2) or under paragraph (1) or (2) of this subsection.
No individual shall be deemed eligible for any personal health services as a benefit under this title which are required by reason of any injury, disease, or disability on account of which any medical, dental, home-nursing, hospital, or auxiliary service is being received, or upon application therefor would be received, under a workmen's compensation law of the United States or of any State, unless equitable reimbursements to the account for the provision of such services as benefits have been made or assured under section 705 of this title. In any case in which an individual receives any personal-health service as a benefit under this title with respect to any such injury, disease, or disability, for which no reimbursement to the account has been made or assured, the United States shall to the extent permitted by State law be subrogated to all rights of such individual, or of the person who furnished such service, to be paid or reimbursed, pursuant to such workmen's compensation law, for the cost of furnishing such service.

PROVISION OF BENEFITS FOR NONINSURED NEEDY AND OTHER INDIVIDUALS

Sec. 705. (a) Any or all benefits provided under this title to individuals eligible for such benefits may be furnished to individuals (including the needy) not otherwise eligible therefor, for any period for which equitable reimbursements to the account on behalf of such needy or other individuals have been made, or for which reasonable assurance of such reimbursements has been given, by public agencies of the United States, the several States, or any of them or of their political subdivisions, such reimbursements to be in accordance with agreements and working arrangements negotiated with such public agencies. Services furnished to such needy or other individuals as benefits shall be of the same quality, be furnished by the same methods, and be paid for through the same arrangements, as services furnished to individuals eligible for benefits under this title.

(b) Federal grants to States under title I, IV, and X of the Social Security Act, as amended, shall be available to the States for provision of personal-health services for noninsured needy individuals in accordance with the provisions of subsection (a) of this section and of section 782.

PART C.—PARTICIPATION OF PHYSICIANS, DENTISTS, NURSES, HOSPITALS, AND OTHERS

PHYSICIANS AND DENTISTS; SPECIALISTS

Sec. 711. Any individual who is a physician or a dentist legally authorized in a State to render any services included as general medical services or general dental services shall be deemed qualified to render such services in that State as benefits under this title. Any such individual who is found to possess skill and experience of a degree and kind sufficient to meet standards established for a class of specialist services shall be deemed qualified to receive compensation for specialist services of such class as benefits under this title. The Board, after consultation with the Advisory Council, shall establish standards as to the special skills and experience required to qualify an individual to render each such class of specialist services as benefits under this title, and to receive compensation for such specialist services. In establishing such standards and in determining whether individuals qualify thereunder, standards and certifications developed by professional agencies shall be utilized as far as is consistent with the purposes of this title, and regard shall be had for the varying needs and the available resources in professional personnel of the States and of local health-service areas.

NURSES

Sec. 712. Any individual shall be deemed qualified to render home-nursing services in a State as benefits under this title if such individual is (a) a professional nurse registered in such State, or (b) a practical nurse (1) who is qualified as such under State standards or requirements, or, in the absence of State standards or requirements, is found to be qualified under standards established by the Board after consultation with the Advisory Council and with nursing agencies, and (2) who furnishes nursing care under the direction or supervision of the State health agency, the health agency of a political subdivision of the State, or an organization supplying and supervising the services of registered professional nurses in the State.
HOSPITALS

SEC. 713. Any hospital or other institution shall be deemed qualified to furnish all or particular classes of hospital services as benefits under this title if it is qualified to furnish such services under State standards or requirements for the maintenance and operation of hospitals which apply to the class or classes of services to be furnished, or if, in the absence of such State standards or requirements, it is found to afford professional services, personnel, and equipment adequate to promote the health and safety of individuals requiring the class or classes of hospital services to be furnished, according to standards which the Board shall establish after consultation with the Advisory Council.

AUXILIARY SERVICES

SEC. 714. Any person (as defined in section 781 (1)) who is qualified under State standards or requirements to furnish a class of services included as auxiliary services, or, in the absence of State standards or requirements, is found to be qualified to furnish a class of such services under standards established for such class by the Board after consultation with the Advisory Council, shall be deemed qualified to furnish such class of auxiliary services in that State as benefits under this title.

AGREEMENTS WITH INDIVIDUAL PRACTITIONERS, HOSPITALS, AND OTHERS

SEC. 715. Any individual (or, in the case of hospital or auxiliary services, any person) qualified under this part to furnish any class or classes of personal health services as benefits may enter into an agreement with the State agency which in accordance with part E has assumed responsibility for the administration in the State of benefits under this title (hereinafter in this title referred to as the "State agency"). to furnish such class or classes of services as benefits to individuals eligible therefor under this title.

AGREEMENTS WITH VOLUNTARY HEALTH INSURANCE AND OTHER ORGANIZATIONS

SEC. 716. (a) In the provision of personal health services, it shall be the policy to utilize individuals or organizations qualified under this part to render such services, including (1) any organized group of individuals, (2) any partnership, association, or consumer cooperative, (3) any hospital or any hospital and its staff, or (4) any organization operating a voluntary health-service insurance plan or other voluntary health-service plan.

(b) The State agency is authorized to enter into an agreement with any organization referred to in subsection (a) for the provision of personal health services under this title. Any such organization, whether or not it enters into an agreement with the State agency on its own behalf, shall be permitted to act as agent for individuals or other persons in negotiating or in carrying out agreements with the State agency for rendering personal health services under this title.

(c) Any agreement under this section shall provide that each class of personal health services will be furnished only by individuals (or, in the case of hospital or auxiliary benefits, by persons, as defined in section 781 (1)) who are qualified under this part to render such class of services, and each of whom has agreed or has authorized an agreement to be made on his behalf with the State agency that he will furnish such services in accordance with this title and with regulations prescribed thereunder. Each such individual or person shall be responsible, both to the State agency and (in accordance with applicable State law) to individuals eligible for personal health services as benefits, for carrying out such agreement made by him or on his behalf.

PROVISIONS COMMON TO ALL AGREEMENTS

SEC. 717 (a) Each agreement made under this part shall specify the class or classes of services to be furnished or provided pursuant to its terms, shall contain an undertaking to comply with this title and with regulations prescribed thereunder, shall be made upon terms and conditions consistent with the efficient and economical administration of this title, and shall continue in force for such period and be terminable upon such notice as may be agreed upon.

(b) No agreement under section 716, and no designation of an agent, shall for more than one year preclude any individual or person qualified to furnish personal health services from exercising such rights as he would otherwise have
under this part (1) to negotiate and enter into an agreement directly with the 
State agency, or (2) to designate another agent for such negotiation, or (3) to 
participate in another agreement under section 716.

(c) No agreement made under this part shall confer upon any individual or 
other person, or any group or other organization, the right of furnishing or pro-
viding personal health services as benefits, to the exclusion in whole or in part 
of other individuals, persons, groups, or organizations qualified to furnish or 
provide such services.

(d) If the State agency after investigation finds that an individual or other 
person under agreement to furnish or provide personal health services as benefits 
is no longer qualified to furnish or provide such services, or has committed a 
substantial breach of the agreement, it shall notify such person of its findings, 
together with the reasons therefor, and in the absence of a request for a hearing 
by such person under part G, or in the event of a final decision sustaining its 
findings after any hearing and further review provided under part G, may termi-
nate the agreement and withdraw the person's name from the lists published 
pursuant to part D. After an agreement has been so terminated, no new agree-
ment shall be entered into with such person under this title unless and until such 
person gives reasonable assurances to the State agency of his or its ability and 
will to discharge all obligations and responsibilities under a new agree-
ment satisfactorily in accordance with its provisions.

METHODS OF PAYMENTS FOR SERVICES

Sec. 718. (a) Agreements for the furnishing of medical or dental services 
(other than specialist services) as benefits under this title shall provide for 

payment—
(1) on the basis of fees for services rendered as benefits, according to a 
fee schedule;
(2) on a per capita basis, the amount being according to the number of 
individuals eligible for benefits who are on the practitioner's list;
(3) on a salary basis, whole time or part time; or
(4) on such combinations or modifications of these bases, including separa-
rate provision for travel and related expenses, as may be approved by the 
State agency:

according in each health-service area as the majority of the medical practitioners 
or of the dental practitioners, respectively, under agreement to furnish such 
services shall elect. Provided. That provision shall be made for another method 
or methods of payment (from among the methods listed in this subsection) to 
those medical practitioners or to those dental practitioners who do not elect the 
method of such majority, when it is found that such alternative method of making 
payments contributes to carrying out the provisions of section 735 of this title 
or otherwise promotes the efficient and economical provision of medical or dental 
services in the area.

(b) Agreements for the furnishing of specialist services as benefits under this 
title may provide for payments on the basis of fee for service, per case, per 
session, per capita, on salary (whole time or part time), or other basis, or com-
bination thereof.

(c) Any of the methods of making payments from among the methods listed in 
subsection (a) or subsection (b) may be used in making payments to groups of 
practitioners or organizations or other agencies which undertake to provide spe-
cialist services as well as general medical or general dental services.

(d) Agreements for the furnishing of hospital services as benefits under this 
title shall provide for payment on the basis of the reasonable costs of hospitaliza-
tion furnished as benefits: Provided. That the Board, after consultation with the 
Advisory Council and with representatives of interested hospital organizations, 
may by regulation prescribe maximum rates for hospitalization furnished as 
benefits under this title, and such maximum rates may be varied according to 
classes of localities or types of service. Payments to hospitals shall be based 
on the least expensive multiple-bed accommodations available in the hospital 
unless the patient's condition makes the use of private accommodations essential 
for his proper medical care. An agreement made for furnishing such services 
shall not affect the right of the hospital or other person with whom the agree-
ment is made to require payments from patients with respect to the additional 
cost of more expensive facilities occupied at the request of the patient, or with 
respect to services not included as benefits under this title.

(e) Agreements for the furnishing of home-nursing services or auxiliary serv-
ices as benefits under this title shall provide for payment in accordance with
such methods as the State agency may approve from among those set forth in regulations prescribed pursuant to this title.

(f) In any health service area where agreements for the furnishing of general medical or general dental services provide for payment only on a per capita basis, the per capita payments with respect to these individuals residing in the area who have failed to select a practitioner or other person to furnish such services to them shall be made on a pro rata basis among the practitioners and other persons under agreement to furnish such services in the area.

AMOUNT OF PAYMENTS FOR SERVICES

Sec. 719. (a) Rates or amounts of payment for particular services or classes of services furnished as benefits under this title shall be adapted to take account of relevant regional, State, or local conditions and practices. In arriving at the payments to be made for services of general medical and dental practitioners, specialists, professional and practical nurses, or other practitioners, regard shall be had for the annual income or its equivalent which the payments will provide, and consideration shall be given to degree of specialization, and to the skill, experience, and responsibility involved in rendering the services. Such payments, together with the other terms and conditions of the agreements made under this part, shall be adequate to provide professional and financial incentives to practitioners to advance in their professions and to practice in localities where their services are most needed, to encourage high standards in the quality of services furnished, to give assistance in their use of opportunities for postgraduate study, and to allow for adequate vacation.

(b) The rates and amounts of payments fixed under the different methods of payments specified in subsections (a), (b), (c), and (e) of section 718, and the methods of making payments, shall assure reasonably equivalent awards for practitioners selecting different methods of payment, in consideration of the value of the services they render.

(c) Maximum limits upon the number of eligible individuals with respect to whom any person may undertake to render services in any local health-service area may be fixed by the local administrative committee or local administrative officer of that health-service area only on the basis of a recommendation of the professional committee in that area that such limitation is necessary to maintain high standards in the quality of medical, dental, or other services furnished as benefits. Any such limits shall take account of professional needs and practices and shall provide suitable exceptions for emergency and temporary situations.

(d) The making of an agreement under section 716 with a group or other organization shall not operate to increase the payments to be made pursuant to any such agreement over the amounts which, in the absence of such group or organization, would be payable for the same services pursuant to agreements made under section 715 directly with the person or persons who furnish the services.

PROFESSIONAL RIGHTS AND RESPONSIBILITIES

Sec. 720. (a) Any person who enters into an agreement under this part may terminate such agreement after reasonable notice and after suitable arrangements are made to fulfill professional obligations to eligible individuals.

(b) Every physician, dentist, or nurse agreeing to render services as benefits under this title shall be free to practice his profession in the locality of his own choosing, consistent with the requirements of the laws of the States.

(c) Every physician, dentist, nurse, hospital, or other person entering into an agreement under this part shall be free to the extent consistent with applicable State law and customary professional ethics to accept or reject as a patient any individual requesting his services.

(d) No supervision or control over the details of administration or operation, or over the selection, tenure, or compensation of personnel, shall be exercised under the authority of this title over any hospital which has agreed to furnish personal health services as benefits.

PART D—LOCAL ADMINISTRATION

DECENTRALIZATION OF ADMINISTRATION

Sec. 731. In order that personal health-service benefits may be made available promptly and in a manner best adapted to local practices, conditions, and needs, responsibility for administration of the benefits provided under this title in the several local health service areas shall be decentralized as fully as practicable to
local administrative committees or local administrative officers, acting with the
advice and assistance, as provided in this part, of local professional committees
and, in the case of local administrative officers, the advice and assistance of local
area committees. The health-service areas of a State shall be those so designated
in the State plan of operations.

LOCAL ADMINISTRATIVE COMMITTEE OR OFFICER

SEC. 732. The local administrative agency for each local health-service area
may, as determined by the State, be either—

(1) a local administrative committee established in accordance with
section 733, which shall act through a local executive officer;

(2) a local administrative officer, who shall act with the advice and
assistance of a local advisory committee established in accordance with
section 733.

The local administrative committee or officer, with the advice and assistance of
such local professional committees as may from time to time be established,
shall arrange for the furnishing of personal health-service benefits to eligible
individuals in the area and to that end shall—

(a) publish, and make readily available to eligible individuals in the
area, lists of the names of all persons who have agreed to furnish personal
health services in the area, together with the class or classes of services
which each has undertaken to furnish;

(b) disseminate pertinent information concerning the rights and privileges
under this title of eligible individuals and of persons qualified to furnish
personal health services as benefits;

(c) maintain effective relationships with physicians, dentists, nurses, hos-
pitals, and other persons who have entered into agreements to furnish per-
sonal health services in the area, in order to facilitate the furnishing of
such services in accordance with such agreements, to assure full and prompt
payment to such persons for services so furnished, and to enlist their full
cooperation in the administration of benefits under this title in the area:

(d) receive and, to the extent possible in the local area, adjust any
complaints which may be made concerning the administration of benefits
under this title in the area;

(e) perform such other duties (including the making of payments to
persons furnishing personal health services in the area) as may be assigned
by the State agency; and

(f) take or initiate such other administrative action as he finds will best
carry out, within the area, the provisions of this title, and best effectuate
its purposes.

LOCAL AREA COMMITTEES

SEC. 783. (a) A local area committee shall be established in each health-
service area. If designated by the State as a local administrative committee, the
local area committee shall perform the functions specified in section 732 and
shall formulate policies for the administration of benefits under this title in
the area. If designated as an advisory committee, it shall advise and assist in
the performance of such functions and the formulation of such policies. The
committee, whether administrative or advisory, shall participate in the solution
of problems affecting the administration of such benefits, shall promote impar-
tiality and freedom from political influence in such administration, and shall
perform related functions to the end that administration in the area may
be responsive to the wishes and needs of persons furnishing and receiving
benefits in the area, be adapted to local practices and resources, and provide
adequate and high-quality personal health services to all eligible individuals.

(b) Each local area committee shall consist of not less than eight nor more
than sixteen members. The members shall be so selected that a majority of
the committee shall be representative of the interests of individuals in the area
who are eligible for benefits, and the remaining members shall be chosen from
the several professions, hospitals, and other organizations in the area by whom
such benefits will be provided.

(c) The local area committee shall meet as often as may be necessary, and
whenever one-third or more of the members request a meeting; in the case of a
local administrative committee, not less frequently than once each month, and in
the case of a local advisory committee, not less frequently than once in each
quarter of the year. At least one meeting of the committee each year shall be open to the public, notice of which shall be published and at which any person in the area may participate. At least once each year there shall be a State-wide meeting of local administrative officers and representatives of local administrative committees. At least once in each year there shall be a State-wide meeting of representatives of all local advisory committees in the State, and any reports or recommendations made at such meeting shall on the request of such meeting be transmitted through the State agency to the Board.

LOCAL PROFESSIONAL COMMITTEES

Sec. 734. Local committees representative of the persons furnishing personal health services in the area shall be established in each health-service area to assist the local administrative committee and its executive officer, or the local administrative officer and the local advisory committee, as the case may be, in the preservation of the customary freedom and responsibility (under applicable State law) of practitioners in the exercise of professional judgment as to the care of patients, and in the solution of technical problems concerning the participation of professional personnel, hospitals, and other qualified persons in the provision of personal health services as benefits, and to advise the local administrative or executive officer and the local area committee regarding matters of professional practice or conduct arising in connection with the performance of agreements for the provision of such services. Such local committees shall meet on call of the local administrative committee or officer, as the case may be, or upon their own motion. The members of any such local professional committee may be professional members of the local area committee or other professional persons or both.

METHODS OF ADMINISTRATION

Sec. 735. (a) In each health-service area the methods of administration shall be such as to—

1. Insure the prompt and efficient care of individuals entitled to personal health services as benefits;
2. Promote personal relationships between physician and patients;
3. Promote coordination among and between general practitioners, specialists, those who furnish auxiliary services, nurses, and hospitals, in the furnishing of services under this title, between them and public-health centers and agencies, and educational service, research, and other related agencies or institutions, and between preventive, diagnostic, and curative services, public and private;
4. Aid in the prevention of disease, disability, and premature death;
5. Encourage improvement in the number and distribution of professional personnel and facilities; and
6. Insure the provision of adequate service with the greatest economy consistent with high standards of quality.

(b) Local administrative officers shall be appointed by the State agency or the head thereof, in accordance with the merit system provided for in the State plan of operations; local administrative committees shall be appointed by such agency or the head thereof, from individuals residing in the respective health-service areas, and the executive officers of such committees shall be appointed by the committees in accordance with the merit system; the local health-service areas shall be those so designated in such plan; and members of local advisory committees and of local professional committees shall be selected in accordance with methods set forth in such plan.

(c) In exercising their functions and discharging their responsibilities under this title local administrative officers and communities, local advisory committees, and local professional committees shall observe the provisions of this title, and of regulations prescribed thereunder, and of any regulations, standards, and procedures prescribed by the State agency.

PART E—STATE ADMINISTRATION

DECLARATION OF POLICY

Sec. 741. It is the intent of Congress that the benefits provided under this title be administered wherever possible by the several States, in accordance with plans of operations submitted and approved as provided in this part, and in
each State as feasible by the same State agency which administers, or supervises the administration of, the State's general public health and maternal and child-health programs.

STATE PLAN OF OPERATIONS

Sec. 742. (a) Any State desiring to assume responsibility for the administration in the State of the personal health-service benefits provided under this title to all individuals in the State who are eligible for such benefits, may do so for the period beginning July 1, 1951 (when benefits first become available under this title), or for the period beginning July 1 of any succeeding year, if it has undertaken, through its legislature, to administer such benefits in accordance with the provisions of this title and with the provisions of regulations and standards prescribed thereunder, and, at least twelve months in advance, has submitted and had approved a State plan of operations which—

(1) designates as the sole agency for the State-wide administration of benefits under this title a single State agency duly authorized under the law of the State to administer such benefits within the State in accordance with the provisions of this title, the provisions of regulations and standards prescribed thereunder, and the provisions of the State plan;

(2) provides for the designation of a State advisory committee which shall include members who are familiar with the needs for personal health services in urban and rural areas, and who are representative of the interests of individuals in the State who are eligible for benefits, such members to constitute a majority, and members chosen from the several professions, hospitals, and other organizations in the State by whom such benefits will be provided, to advise the State agency in carrying out the administration of such benefits in the State;

(3) provides for the decentralized administration of this title in the State in accordance with part D for the designation of local health-service areas, and for such methods of selecting the members of local advisory committees and of local professional committees as are calculated to insure representation of the nature set forth in sections 733 and 734, respectively;

(4) provides such methods of administration, including methods relating to the establishment and maintenance of personnel standards on a merit basis (except that the Board shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods), as are found by the Board to be necessary for the proper and efficient administration of such benefits in the State;

(5) provides for the making of surveys of the resources and needs of the State, in accordance with section 702 (a), and sets forth a program for the administration of such benefits in the State which gives reasonable assurance (A) that maximum use will be made of all available health personnel and facilities desiring to participate in the provision of benefits to eligible individuals, (B) that funds allotted to the State for the several classes of benefits will be allocated in such manner as to give reasonable assurance of the availability of services in all health-service areas in the State, and (C) that any misallocation or other inadequacies in the health personnel or facilities available for such purpose, or in the quality of the services rendered, will be progressively improved as rapidly as may be practicable;

(6) provides that the State agency will make such reports in such form and containing such information as the Board may from time to time reasonably require, and give the Board, upon demand, access to the records upon which such information is based;

(7) provides that all Federal funds paid to the State agency for purposes of carrying out this title in the State shall be properly safeguarded and expended solely for the purposes for which paid, and provides for the repayment by the State to the United States of any such funds lost by the State agency or diverted from the purposes for which paid;

(8) provides for cooperation, including where necessary entering into working agreements (with any appropriate transfer of funds), with other public agencies of the State or of its political subdivisions concerned with programs related to the purposes of this title, and with appropriate agencies of other States or of the United States administering this title, or benefits under this title, in other States.

(b) The Board shall approve any State plan and any modification thereof submitted by the State which it finds complies with the provisions of subsection
(a). No change in a State plan shall be required within one year after initial approval thereof, or within one year after any change thereafter required therein, by reason of any change in the regulations or standards prescribed pursuant to this title, except with the consent of the State or in accordance with further action by Congress.

(c) In the event of its disapproval of any plan or any modification therein submitted by a State pursuant to this part, the Board shall notify the State of such disapproval, and shall, upon request of the State, afford it reasonable notice and opportunity for a hearing on such disapproval.

(d) If a State has not prior to July 1, 1950, submitted and had approved a plan of operations, the Board shall notify the Governor of the State that the Board will be required to administer this title in the State, commencing July 1, 1951. The Board shall provide for the publication of such notice in at least two newspapers of general circulation in the State. If within sixty days after such notification to the Governor the State has not submitted an approvable plan, the Board shall undertake the administration of this title in the State commencing July 1, 1951, and shall continue such administration until one year after the submission and approval of a plan of operations in accordance with this section: Provided, That the Board may waive the requirement that a State plan must be submitted and approved one year prior to commencement of State administration if it is satisfied in a particular case that the substitution of a shorter preparatory period will not prejudice the interests of eligible individuals in the State.

(e) Whenever the Board, after reasonable notice and opportunity for hearing to the State, finds that the State, having submitted and had approved a plan of operations under this part—

(1) is not complying substantially with the provisions of such plan, or with the provisions of this title or any regulations or standards prescribed thereunder, or

(2) has withdrawn its plan or failed to change it when and as required by a change in this title or in regulations prescribed thereunder,

the Board shall notify the Governor of the State of such findings, together with its reasons therefor and a statement concerning the effect of such findings under this title, and shall provide for the publication of such notice in at least two newspapers of general circulation in this State. If within sixty days following such a notice the State has not taken appropriate action to bring its plan or its administration thereof into conformity with this title and regulations and standards thereunder, the Board shall immediately assume responsibility for the administration of this title in the State and shall administer the same in such State for so long thereafter as the State fails to give reasonable assurances of substantial compliance or fails to submit an approvable plan, as the case may be.

(f) In any State in which the Board has assumed responsibility for the administration of benefits under this title as provided in subsections (d) and (e) of this section, the Board shall have and discharge all authority and duties, in accordance with the provisions of this title, which it finds necessary for that purpose, and the term "State agency" wherever used in part C or part D of this title shall be deemed to refer to the Board.

(g) Nothing in this title shall preclude any State or any political subdivision thereof, whether or not the State has assumed responsibility for the administration of benefits under this title, from furnishing, with funds available from sources other than the account, any additional health services to individuals who are eligible for benefits under this title or any or all health services to individuals who are not so eligible.

PART F--NATIONAL HEALTH INSURANCE BOARD: NATIONAL ADVISORY MEDICAL POLICY COUNCIL; GENERAL ADMINISTRATIVE PROVISIONS

NATIONAL HEALTH INSURANCE BOARD

SEC. 751. (a) There is hereby established in the Federal Security Agency a National Health Insurance Board (referred to in this title as the "Board"), to be composed of five members, three of whom shall be appointed by the President by and with the advice and consent of the Senate, and the other two of whom shall be the Surgeon General of the Public Health Service and the Commissioner for Social Security. During his term of membership on the Board, no appointed member shall engage in any other business, vocation, or employment. At least one of the appointed members shall be a doctor of medicine licensed to practice medicine or surgery in one of the States. Each appointed member shall receive
a salary at the rate of $12,000 a year and shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this Act shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years, and one at the end of six years, after the date of the enactment of this Act. The President shall designate one of the appointed members as the Chairman of the Board.

(b) All functions of the Board shall be administered by the Board under the direction and supervision of the Federal Security Administrator. The Board shall perform such functions as it finds necessary to carry out the provisions of this title, and shall make all regulations and standards specifically authorized to be made in this title and such other regulations not inconsistent with this title as may be necessary. The Board may delegate to any of its members, officers or employees, or with the approval of the Administrator to any other officer or employee of the Federal Security Agency, such of its powers or duties, except that of making regulations, as it may consider necessary and proper to carry out the provisions of this title. The Board may also enter into agreements for the furnishing or provision of personal health services under this title without regard to civil service or other laws pertaining to the appointment, status, or compensation of Federal employees, or pertaining to contracts for personal services, and without regard to section 3709 of the Revised Statutes, as amended, and any person rendering services pursuant to an agreement so made shall not by reason thereof be deemed to be an employee of the United States.

(c) In administering the provisions of this title, the Board is authorized to utilize the services and facilities of any executive department or other agency of the United States in accordance with an agreement with the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement, as may be agreed upon with the head of the executive department or other agency furnishing them.

(d) Personnel of the Board shall be appointed by the Administrator upon recommendation of the Board. The Administrator is authorized to detail to the Board, upon its request, any officer or employee of the Federal Security Agency, and in his discretion to reimburse, from funds available for the administration of this title, the appropriation from which the salary or, in the case of commissioned officers of the Public Health Service, the pay and allowances of such officer or employee are paid.

(e) Upon the request of any State agency administering a State plan of operations pursuant to part E of this title, or upon the request of any State desiring to prepare and submit a plan of operations, any officer or employee of the Board (including any officer or employee detailed to the Board pursuant to subsection (d) ) may be detailed by the Board to assist in the administration, or in the preparation, of such State plan of operations. The funds available for the Federal administration of this title may, in the discretion of the Administrator, be reimbursed from funds allotted to the State pursuant to section 772 and available for State administration, for the salary (or for the pay and allowances) of any officer or employee so detailed.

ADVISORY COUNCIL

SEC. 752. (a) There is hereby established a National Advisory Medical Policy Council (referred to in this title as the "Advisory Council") to consist of the Chairman of the Board, who shall serve as Chairman of the Advisory Council ex officio, and sixteen members appointed by the Federal Security Administrator. At least eight of the sixteen appointed members shall be individuals who are familiar with the need for personal health services in urban or rural areas and who are representative of the interests of individuals eligible for benefits under this title, and at least six of the members shall be individuals who are outstanding in the medical or other professions concerned with the provision of services provided as benefits under this title and who are representative of the individuals, organizations, and other persons by whom personal health services will be provided. Each appointed member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term, and the terms of the members first taking office shall expire, as designated by the Administrator at the time of appointment, four at the end of the first year, four at the end of the second year, four at the end of the third year, and four at the end
of the fourth year after the date of appointment. The Advisory Council is authorized to appoint such special advisory technical or professional committees as may be useful in carrying out its functions, and the members of such committees may be members of the Advisory Council, or other persons, or both. Appointed Advisory Council members and members of technical or professional committees, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Administrator, but not exceeding $25 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence. The Advisory Council, its appointed members, and its committees, shall be provided with such secretarial, clerical, or other assistance as may be provided by the Congress for carrying out their respective functions. The Advisory Council shall meet as frequently as the Board deems necessary, but not less than twice each year. Upon request by six or more members, it shall be the duty of the Chairman to call a meeting of the Council.

(b) The Advisory Council shall advise the Board with reference to matters of general policy and administration arising in connection with the making of regulations, the establishment of professional standards, and the performance of its other duties under this title.

STUDIES, RECOMMENDATIONS, AND REPORTS

Sec. 753. The Board shall have the duty of studying and making recommendations as to the most effective methods of providing health services, and as to legislation and matters of administrative policy concerning health and related subjects. At the beginning of each regular session of Congress, it shall make a full report to Congress of the administration of this title, including a report with regard to the adequacy of its financial provisions contained in this title and of appropriations made pursuant thereto, the methods of allotment of funds among the States, and related matters. Such report shall include a record of consultations with the Advisory Council, recommendations of the Advisory Council, and comments thereon.

NONDISCLOSURE OF INFORMATION

Sec. 754. Information concerning an individual, obtained from him or from any physician, dentist, nurse, or hospital, or from any other person pursuant to or as a result of the administration of this title, shall be held confidential (except for statistical purposes) and shall not be disclosed or be open to public inspection in any manner revealing the identity of the individual or other person from whom the information was obtained or to whom the information pertains, except as may be necessary for the proper administration of this title or of other laws, State or Federal. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.

PROHIBITION AGAINST DISCRIMINATION

Sec. 755. In carrying out the provisions of this title, there shall be no discrimination on account of race, creed, or color. Personal health services shall be made available as benefits to all eligible individuals, and all persons qualified under part C to enter into agreements to furnish or provide such services shall be permitted to do so.

PART G—ELIGIBILITY DETERMINATIONS, COMPLAINTS, HEARINGS, AND JUDICIAL REVIEW

DETERMINATIONS AS TO ELIGIBILITY FOR BENEFITS

Sec. 761. (a) The Federal Security Administrator, through such units of the Federal Security Agency as he may determine, shall upon his own initiative or upon application of any individual make determinations as to the eligibility of individuals for benefits under this title. Whenever requested by any individual determined by the Federal Security Administrator not to be eligible for benefits for any period, or by a dependent of any such individual, the Administrator shall give such individual or such dependent reasonable notice and opportunity for a hearing with respect to such determination and on the basis of the evidence adduced at the hearing shall affirm, modify, or reverse his determination.
(b) In carrying out his responsibility under this section, the Administrator shall have all the powers and duties conferred upon him under sections 205 and 206 of the Social Security Act, as amended. Such powers and duties shall be subject to the same limitations and rights of judicial review as are contained in section 205 of such Act. Eligibility for benefits under this title based on entitlement to an annuity under the Civil Service Retirement Act, as amended shall be determined on the basis of certification by the Civil Service Commission.

(c) Nothing in part E of this title shall be deemed to require or authorize any assumption by the State agency, designated in accordance with an approved State plan of operations approved under such part, of any of the Administrator’s responsibilities under this section, but the Administrator may utilize existing facilities and services of any such agency on the basis of mutual agreements with such agency.

COMPLAINTS OF ELIGIBLE INDIVIDUALS AND OF PERSONS FURNISHING BENEFITS

Sec. 762. (a) Any eligible individual aggrieved by reason of his failure to receive any personal health-service benefits to which he believes himself entitled, or dissatisfied with any service rendered him as a personal health-service benefit, and any person who has entered into an agreement to furnish services as personal health-service benefits and who is aggrieved by the failure or alleged failure of a local or other administrative officer or a local administrative committee to carry out the agreement in accordance with its terms, may make a complaint to the local administrative officer or local executive officer in the area in which the action or inaction complained of occurred, or to such other officer as may be provided in regulations. If the officer to whom such complaint is made finds, after investigation, that the complaint is well-founded, he shall promptly take such steps as may be necessary and appropriate to correct the action or inaction complained of; and he shall notify the individual or other person making the complaint of his disposition thereof. Any such individual or other person dissatisfied with the action taken may in writing request a hearing thereon and shall be afforded opportunity for the same pursuant to subsection (b) of this section.

(b) Provision shall be made for the establishment of necessary and sufficient impartial tribunals to afford hearings to individuals and other persons entitled thereto under subsection (a) of this section, or section 717 (d) of this title, and for further review of the findings, conclusions, and recommendations of such tribunals, in accordance with regulations made by the Board, after consultation with the Advisory Council. With respect to any complaint involving matters or questions of professional practice or conduct, the hearing body shall contain competent and disinterested professional representation; and with respect to any complaint involving only matters or questions of professional practice or conduct the hearing body shall consist exclusively of such professional persons.

(c) In administering this section in any State which has not assumed responsibility for the administration of benefits under this title as provided in part E, the Board (subject to the provisions of section 751 (b)) shall, insofar as they are applicable to its functions under this title, have all the powers and duties conferred upon the Federal Security Administrator by sections 205 and 206 of the Social Security Act, as amended. Such powers and duties shall be subject to the limitations and rights of judicial review contained in section 205 of such Act.

(d) In any State which has assumed responsibility for the administration of benefits under this title as provided in part E the powers and duties of the State agency shall be subject to such rights of judicial review in the courts of the State as the law of the State may provide; subject, however, to review by the Supreme Court of the United States in such cases and in such manner as is provided in section 237 of the Judicial Code, as amended.

PART H—FISCAL PROVISIONS

PERSONAL HEALTH SERVICES ACCOUNT

Sec. 771. (a) There is hereby created on the books of the Treasury of the United States a separate account to be known as the “Personal Health Services Account” (in this title, referred to as the “account”). Funds in the account not required for current withdrawals shall be investigated by the Secretary of the Treasury in the types of obligations which may be acquired by the Federal Old-Age and Survivors Insurance Trust Fund, and in accordance with provisions
governing such investments in section 201 (c) to (e), inclusive, of the Social Security Act, as amended. Funds in the account shall be available for all expenditures necessary or appropriate to carry out this title; except that (subject to the provisions of section 772 (g)) only so much of such funds shall be available for salaries or other administrative expenses of any department or agency of the United States as may be authorized in annual or other appropriation Acts. (b) There shall be appropriated to the account for the fiscal year ending June 30, 1952, and for each fiscal year thereafter—

(1) sums equal to 3 per centum of all wages estimated to be received during such fiscal year;

(2) sums equal to the estimated cost of furnishing dental services and home nursing services as personal health-service benefits during such fiscal year; and

(3) any further sums required to meet expenditures to carry out this title.

(c) There shall be appropriated to the account in the fiscal year 1951, a sum equal to 1 per centum of all wages estimated to be received during such fiscal year, to constitute on July 1, 1951, a reserve in the account for the purposes specified in section 772 (a).

(d) The aggregate appropriations to the account, pursuant to clauses (2) and (3) of subsection (b), in appropriation Acts for any fiscal year from 1952 to 1954, inclusive, shall not exceed one-half per centum, and in appropriation Acts for any fiscal year from 1955 to 1957, inclusive, shall not exceed 1 per centum of the estimated annual average of all wages received during the three fiscal years preceding such fiscal year. Whenever an appropriation is made on the basis of an estimate of wages to be received during a fiscal year, the appropriations for subsequent fiscal years shall be adjusted by any amount by which such estimate was greater or less than the amount of wages actually received. Before January 1, 1957, and periodically thereafter, the Congress will review this title and will determine the amounts of appropriations to be made thereafter.

(e) Sums received as reimbursements to the account pursuant to section 704 (c) or section 705, or by virtue of subrogation pursuant to section 704 (c), shall be deposited in the account and shall be available in accordance with the provisions of subsection (a) of this section.

**ALLOTMENT OF FUNDS**

SEC. 772. (a) The Board, after consultation with the Advisory Council, shall determine, as far in advance of the beginning of each fiscal year as possible, the sums which shall be available from the account for provision during the fiscal year of all classes, and of each of the five classes, of personal health-service benefits specified in section 701 (a). Such sums shall be determined, after taking into consideration the estimated amount which will be in the account at the beginning of the fiscal year and the anticipated income of the account thereafter, with a view (1) to maintaining as nearly as practicable a uniform rate of expenditure for personal health-service benefits in successive fiscal years, except for appropriate allowance on account of anticipated increase in the personnel and facilities available to furnish personal health-service benefits and on account of reduction or withdrawal of restrictions or limitations pursuant to section 702 (b), and (2) to establishing and maintaining a reserve in the account adequate to meet emergency demands in accordance with subsection (d) of this section and adequate to maintain the rate of expenditure or to permit its gradual reduction if the income of the account should fall below the income which had been anticipated.

(b) In accordance with regulations prescribed after consultation with the State agencies, the Board, prior to the beginning of each fiscal year shall allot to the several States, for the fiscal years 1952, 1953, and 1954, 90 per centum, and for each fiscal year thereafter 95 per centum of each sum determined pursuant to subsection (a). Such regulations shall provide for allotments on the basis of—

(1) the population in the several States eligible for benefits under this title;

(2) professional and other personnel, hospitals, and other facilities, and supplies and commodities, to be available in the several States in the provision of such benefits; and

(3) the cost of reasonable and equitable compensation to such personnel and facilities and for such supplies and commodities.
Such allotments shall operate, to the maximum extent possible both to assure provision to eligible individuals of adequate personal health-service benefits in all States and all local health-service areas, and also to increase the adequacy of services where personnel and facilities are below the national average.

(c) From time to time during each fiscal year, the Board shall allot to the several States the remaining 10 per centum or the remaining 5 per centum, as the case may be, of each sum determined pursuant to subsection (a). In making allotments under this subsection, the Board shall take into consideration the factors specified in subsection (b), but shall in addition, give special consideration to the extent to which allotments under subsection (b) have proved to be insufficient to permit provision of reasonably adequate benefits under this title.

(d) In addition to the sums determined pursuant to subsection (a) to be available for the provision of personal health-service benefits, the Board, after consultation with the Advisory Council, is authorized to make emergency allotments from the account if it finds that a disaster, epidemic, or other cause has substantially increased the volume of personal health-service benefits required in any part of the United States over the volume anticipated when the determinations pursuant to subsection (a) were made. Allotments pursuant to this subsection shall be made to such State or States, for such class or classes of personal health-service benefits, and in such amounts, as the Board may find necessary to meet the emergency.

(e) The Board shall from time to time determine the amounts to be paid to each State from its allotments under this section, and shall certify to the Secretary of the Treasury the amounts so determined. The Secretary shall thereupon, and prior to audit or settlement by the General Accounting Office, pay to the State the amounts so certified.

Funds paid to a State for any class of personal health-service benefits shall be used exclusively for the provision of benefits of that class, except that the administrative costs of the State in administering personal health-service benefits under this title may be met from the allotments to the State. Such administrative costs, which in any fiscal year shall not exceed 5 per centum of the aggregate allotments to the State for such fiscal year, shall be apportioned as between the several allotments in accordance with the costs of administering the respective classes of benefits; and such apportionment may be made in such manner, and by such sampling, statistical, or other methods, as may be agreed upon between the Board and the State agency.

(g) In any case in which the Board has assumed responsibility for the administration in a State of benefits under this title in accordance with section 742 (d) or (e), all allotments or balances of allotments to such State shall be available for expenditure by the Board for the provision of personal health-service benefits in that State, and (until the Congress shall make funds available, the Board for the provision of personal health-service benefits pursuant to section 771 (a) for the costs of administration of such benefits in such State. Expenditures authorized pursuant to section 771 (a) for such costs of administration shall be charged against allotments to such State.

GRANTS-IN-AID FOR TRAINING AND EDUCATION

SEC. 773. (a) For the purpose of increasing the availability of training and education for professional and technical personnel engaged or undertaking to engage in the provision or administration of personal health services as benefits under this title, and to carry out the policies of section 719 (a), the Board is authorized to make grants—

(1) to public or nonprofit institutions or agencies engaging in undergraduate or postgraduate professional, technical, or administrative education or training for the cost (in whole or in part) of courses or projects which the Board finds, after consultation with the Advisory Council and appropriate Federal departments and agencies, (A) cannot be carried out without financial assistance under this section, and (B) show promise of making valuable contributions to the education, training, or retraining of professional or technical personnel engaged or undertaking to engage in the provision or administration of benefits, or

(2) to individuals who are professional or technical persons engaged or who undertake to engage in the provision of personal health-service benefits, or who are engaged or undertake to engage in the administration of such benefits, for maintenance (in whole or in part) while in attendance at courses or projects assisted under paragraph (1) or approved by the Board for similar training or education, and for costs of necessary travel.

(b) Such grants, in such amounts and for payment at such times as are approved by the Board, shall be certified for payment to the Secretary of the
when outside the United States, except
which the vessel or aircraft touches
with an American vessel or an American civil aircraft
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(4) service performed
(3)
(2) all net income from farm, business, professional, or other
employment.

The term
(1) service in the active military or naval service of the United States;
(2) service performed in the employ of a State or any political subdivision
thereof, or any instrumentality of any one or more of the foregoing which is
wholly owned by one or more States or political subdivisions;
(3) casual labor not in the course of the employer’s trade or business;
(4) service performed by an employee on or in connection with a vessel
not an American vessel, or an aircraft not an American aircraft, if the em-
ployee is employed on and in connection with such vessel or aircraft when
outside the United States;
(5) service performed by a duly ordained or duly commissioned or licensed
minister of any church in the regular exercise of his ministry and service
performed by a regular member of a religious order in the exercise of duties
required by such order;
(6) service performed by an individual as an employee or employee repre-
sentative as defined in section 1 of the Railroad Retirement Act of 1937, as
amended;
(7) service performed in any calendar quarter in the employ of any or-
ganization exempt from income tax under section 101 of the Internal Revenue
Code; if—
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(A) the remuneration for such service does not exceed $45; or

(B) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office or is ritualistic service in connection with any such society, order, or association; or

(C) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university;

(8) service performed in the employ of a foreign government (including service as a consular or other officer or employee of a non-diplomatic representative);

(3) service performed in the employ of an instrumentality wholly owned by a foreign government, if—

(A) the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) the Secretary of State shall certify to the Federal Security Administrator that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof; and

(10) service performed in the employ of an international organization entitled to employ privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act.

(e) In any case in which an individual has received $1,500 in wages in a calendar year, not less than $150 of such wages shall be deemed, for the purpose of section 704 (a), to have been received by him in the quarter during which the first of such wages were in fact received by him and in each quarter of such calendar year thereafter.

(d) The term "benefit year" means a period commencing on July 1 of any year and ending on June 30 of the succeeding year.

(e) The term "quarter" and the term "calendar quarter" mean a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(f) The term "employee" includes (in addition to any individual who is a servant under the law of master and servant) any individual who performs service, of whatever nature, for a person, unless the service is performed by the individual in pursuit of his own independently established business. The term "employee" also includes an officer of a corporation.

(g) The term "American vessel" means any vessel documented or numbered under the laws of the United States, and includes any vessel which is neither documented nor numbered under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

(h) The term "American aircraft" mean an aircraft registered under the laws of the United States.

(i) The term "State" includes Alaska, Hawaii, and the District of Columbia.

(j) The term "United States," when used in a geographic sense, means the several States, as defined in subsection (1).

(k) The term "dependent" means an unmarried child (including a stepchild, adopted or foster child) of an individual, who is under the age of eighteen, or who is under a total disability which has continued for a period of not less than six consecutive calendar months and is living with such individual or receiving regular support from him; a wife of an individual living with such individual or receiving regular support from him; a husband who is under a total disability which has continued for a period of not less than six consecutive calendar months, and is living with or receiving regular and substantial support from such individual; and a parent who is living with or receiving regular and substantial support from such individual.

(l) The term "person" means an individual, a trust or estate, a partnership, a corporation, an association, a consumer cooperative, or other organization.

AVAILABILITY OF PUBLIC ASSISTANCE GRANTS FOR SECURING PERSONAL HEALTH-SERVICE BENEFITS

SEC. 782. In order that Federal grants to States for old-age assistance, aid to dependent children, and aid to the blind shall be available to all States for provision of benefits for uninsured needy individuals, as provided in section 705—

(a) Title I of the Social Security Act, as amended, is amended—
(1) By amending section 6 to read:

"Sec. 6. When used in this title the term 'old-age assistance' means money payments to needy aged individuals, and reimbursements to the Personal Health Services Account with respect to needy aged individuals;"

(2) By striking out in section 3 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "who received old-age assistance" and inserting in lieu thereof "who received money payments".

(b) Title IV of such Act is amended—

(1) By amending section 106 to read:

"(b) The term 'aid to dependent children' means money payments, and reimbursements to the Personal Health Services Account, with respect to a dependent child or dependent children;"

(2) By striking out in section 403 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "with respect to whom aid to dependent children is paid" and inserting in lieu thereof "with respect to whom money payments are made."

(c) Title X of such Act is amended—

(1) By amending section 1006 to read:

"Sec. 1006. When used in this title the term 'aid to the blind' means money payments to blind individuals who are needy, and reimbursements to the Personal Health Services Account with respect to blind individuals who are needy;"

(2) By striking out in section 1003 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "who received aid to the blind" and inserting in lieu thereof "who received money payments."

EFFECTIVE DATE

Sec. 783. The effective date of this title shall be the date of its enactment, but personal health services shall first become available as benefits in accordance with this title on July 1, 1951.

Senator MURRAY, I know the members of the subcommittee will share my keen regret that Senator Thomas is unable to be with us this morning to present his statement in person. He is presiding over a subcommittee which is now conducting hearings on the international wheat agreement. Were it a matter of lesser importance or lesser eminence, he would be here to testify this morning. However, Senator Thomas has given me his prepared statement and it will be inserted in the record at this point.

(The statement of Senator Thomas, in full, is as follows:)

STATEMENT OF HON. ELBERT D. THOMAS, A UNITED STATES SENATOR FROM THE STATE OF UTAH, AND CHAIRMAN OF THE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

It is a source of honor and pride to me to have been privileged to associate myself with the forward looking Senators who, for many years, have again and again introduced health bills and who have traveled the long weary road through hearings, committee discussions, and other forms of leadership in this field, only to be met with the same temporary frustrations which are the lot of all crusaders.

To have been given the opportunity to be first signer of this bill, in view of the intense activity of others in its behalf, seems a bit of a steal, but because I am chairman of the committee which has jurisdiction over public welfare as well as labor, and because I believe that denial of proper medical attention belongs with the dark ages we have left behind, I shall try to give as much energy toward bringing out the desired goal as I am capable of exerting.

In general terms it is not hard to understand the problem or to suggest its solution. It is a problem that has been with us since the beginning of time. It was the principal problem confronting the Saviour, the miracle of many whose cures has not yet been found in the beakers and test tubes of our modern laboratories.